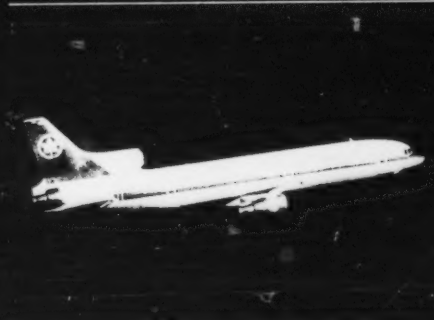
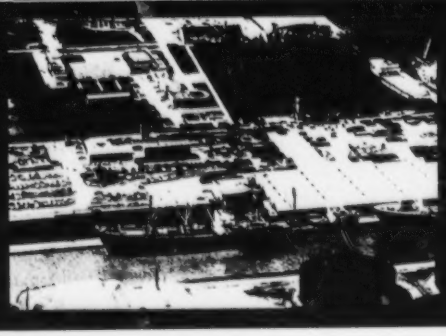
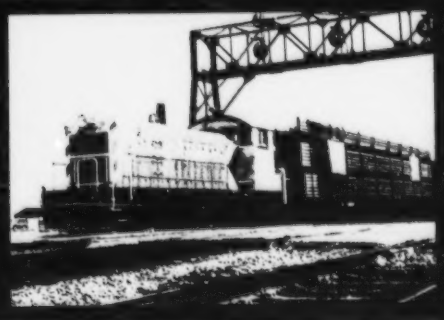
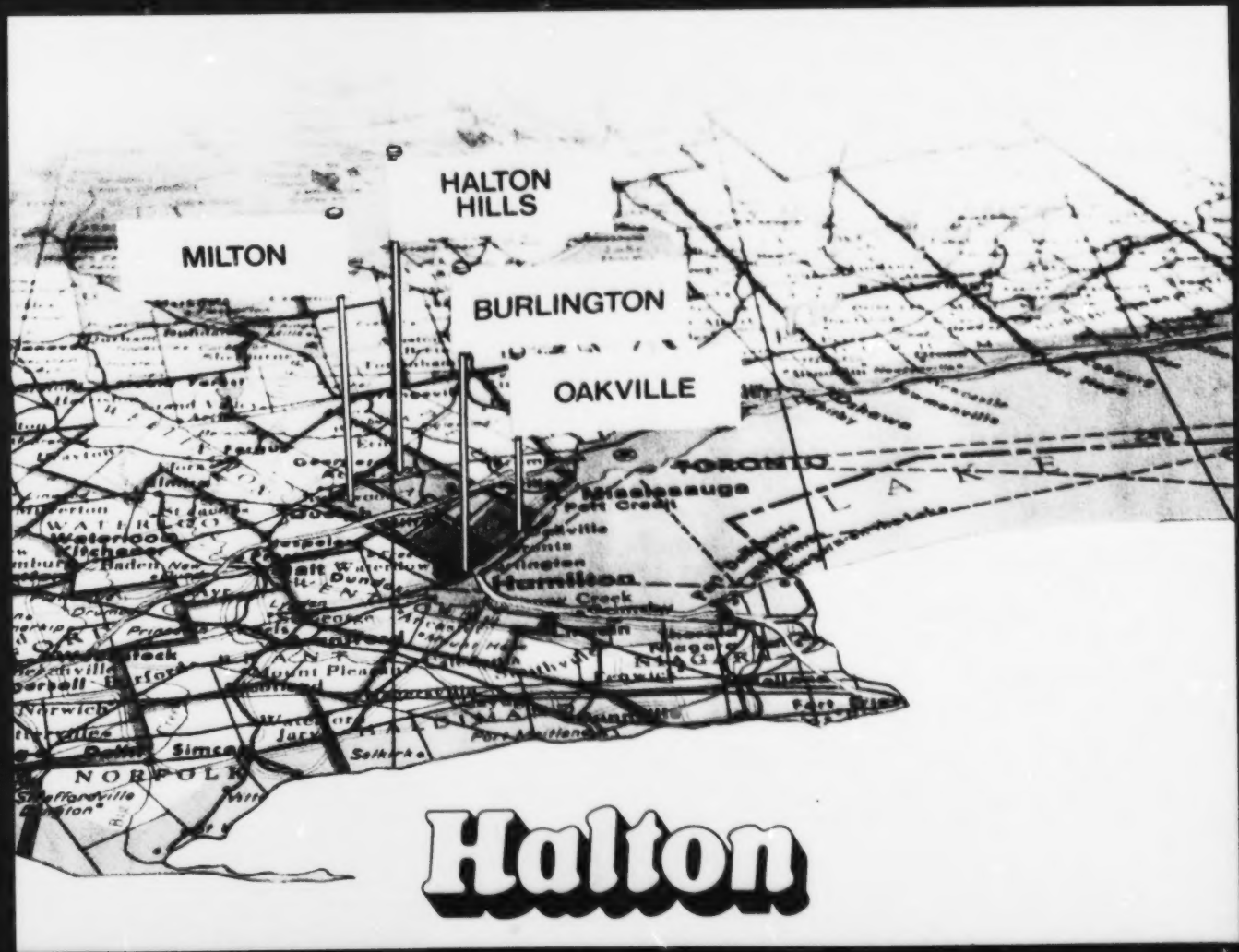
FINANCIAL REPORT 1986

A WORLD CLASS PLACE TO BE









HALTON'S MEMBERS OF COUNCIL

CHAIRMAN

Peter Pomeroy

CITY OF BURLINGTON

Mayor Roly Bird
Councillor Robert Forbes
Councillor James Grieve
Councillor Joan Little
Councillor Ted MacDonald
Councillor Patrick McLaughlin
Councillor Walter Mulkewich
Councillor Barry Quinn
Councillor Joyce Savoline

TOWN OF OAKVILLE

Mayor William Perras
Councillor Peter Arch
Councillor Liz Behrens
Councillor Keith Bird
Councillor Kevin Flynn
Councillor John Graham
Councillor Fred Oliver

TOWN OF MILTON

Mayor Gordon Krantz
Councillor Brad Clements
Councillor William Johnson

TOWN OF HALTON HILLS

Mayor Russell Miller
Councillor R.O. Bonnette
Councillor John McDonald
Councillor Marilyn Serjeantson
Councillor Pam Sheldon

Term of Office
December 1, 1985 to November 30, 1988

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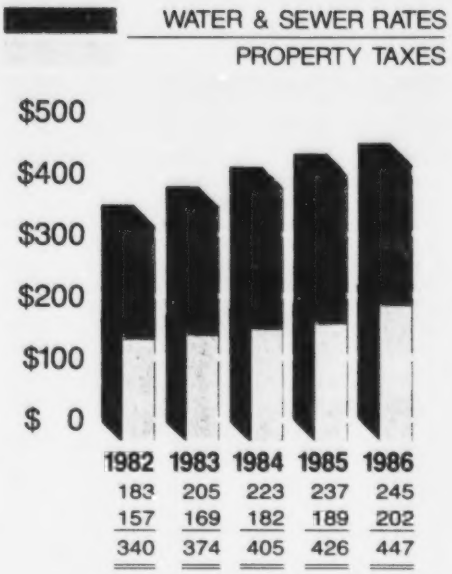
FINANCIAL HIGHLIGHTS

(Dollars in Thousands)

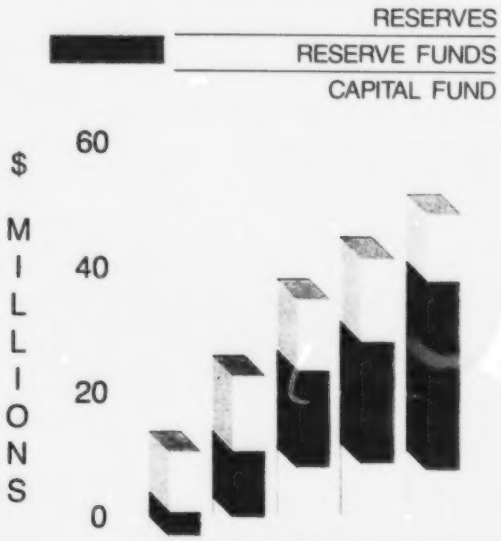
At Year End	1985
Total assets	$123,637
Net long-term liabilities	$ 62,134
Ratepayers' equity	$ 47,495

For the Year	
Combined Revenue	
Taxation & user charges	$ 66,827
Grants	28,637
Long-term debt issued	3,795
Other	12,595
Total	$111,854
Expenditure	
Current operations	$ 79,879
Capital operations	22,905
Total	$102,784
Debt charges	$ 13,493
Surplus	$ 4,782



	1982	1983	1984	1985	1986
	183	205	223	237	245
	157	169	182	189	202
	340	374	405	426	447

AVERAGE REGIONAL PROPERTY TAXES AND USER CHARGES



	1982	1983	1984	1985	1986
	8.9	9.7	12.9	14.7	14.6
	4.6	9.2	14.4	20.5	29.7
	(1.2)	4.2	11.1	12.3	10.9
	12.3	23.1	38.4	47.5	55.2

ANALYSIS OF RATEPAYERS' EQUITY

	1982	1983	1984	1985	1986
	1.64	1.25	1.45	1.21	1.92
	.20	.74	1.46	1.81	1.47
	.41	.94	1.71	1.76	1.10
	2.25	2.93	4.62	4.78	4.49

YEAR END SURPLUS

CHAIRMAN'S MESSAGE

Peter Pomeroy
Chairman
Halton Region

It is my pleasure to present to you the 1986 Financial Report for The Regional Municipality of Halton. 1986 has been a remarkable year, with growth and development having once again surpassed all expectations in a third year of unprecedented activity. The dollar value of building permits was 45% greater than in 1985; more than 100 businesses have either established or expanded their operations in Halton in 1986. Halton truly is a "World Class Place To Be".

Halton's continuing progress and development is further evidenced by the successful conclusion of an agreement with a private sector developer that will stimulate long-awaited growth in Halton Hills. Our ability to sustain the current level of growth is a reflection of the resourcefulness and co-operation of the business community, municipal government and residents; well balanced financial planning and fiscal policies; and a combination of unique location and an enviable mix of urban and rural lifestyles. Together, those factors have made Halton a desirable place to live and invest.

Regional programs have grown to keep pace with that new development too. We are continuing to build and expand our water and sewer infrastructure; we've opened 209 new daycare spaces for children and begun a major renovation process for our Home for the Aged; initiated a 911 emergency service for faster and easier access to police, fire and ambulance service; and introduced aggressive new health promotion programs. To name only a few!

Halton will be presented with still further opportunities to demonstrate its resourcefulness throughout 1987. Major issues facing Halton include the search for a new regional landfill site; increased participation in the Source Separation Program; development of affordable housing; and continued work on the implementation of a major waterfront park plan for Halton.

Halton's Council and staff maintain an enthusiastic and confident commitment to providing our residents with high levels of services in an environment characterized by long term financial stability, co-ordinated community planning and a high standard of living.

Peter Pomeroy
Chairman
Halton Region

PHOTO COURTESY OF THE HAMILTON SPECTATOR

We have also taken initiatives to improve our liaison and planning with the other levels of government. The Fall of 1986 saw a first time meeting of representatives of all four levels of government, together under one roof, to discuss issues of mutual concern to Halton. The meeting was arranged and chaired by Halton's Chairman, Peter Pomeroy. Also in attendance were: Halton MP Otto Jelinek, Burlington MP Bill Kempling, Brampton-Georgetown MP John McDermid, Halton Burlington South MPP Cam Jackson, Halton Burlington MPP Don Knight; and the four area Mayors - Burlington's Roly Bird, Milton's Gordon Krantz, Oakville's William Perras and Halton Hills' Russell Miller. The "Halton Caucus" will continue to meet on a regular basis to address Halton issues.

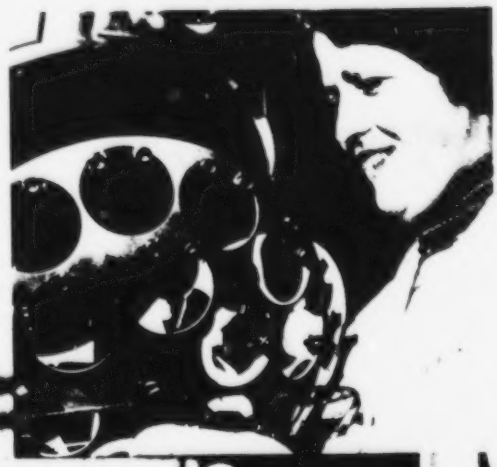
HALTON - A WORLD CLASS PLACE TO BE

Halton Region is comprised of the City of Burlington, and the Towns of Halton Hills, Milton and Oakville. Collectively, they include over 232,000 acres, a population exceeding 270,000, and a 15-mile frontage onto Lake Ontario.

Strategically central to both Toronto and Hamilton, Halton is at the centre of Canada's major population base, as well as the major industrial concentration of the nation. It is served by the finest road and rail transportation in the country. Two major airports in Toronto and Hamilton are a mere 30 minutes away.

A sound and diversified economy and the availability of a full range of support services in Halton has allowed it to attract substantial industrial and commercial development over the years.

When it comes to lifestyle, Halton provides a pleasant environment for family living with a good supply of attractive and varied housing, a quality educational system, and choice of lifestyles .. urban, small town, or rural.



Within the workforce of the Region there is a wide range of skilled and semi-skilled tradesmen, technicians and professional, clerical and managerial personnel. Educational achievement is well above the national average.

PHOTO COURTESY OF THE CANADA CENTRE FOR INLAND WATERS

FOUR FINE MUNICIPALITIES - ONE WORLD CLASS LOCATION

CITY OF BURLINGTON

PHOTO COURTESY OF THE HAMILTON SPECTATOR

Covering nearly 2,500 acres, the Royal Botanical Gardens is the largest botanical gardens in Canada. Visitors from all over the world come to view the gardens, take nature walks, attend educational courses, and participate in program activities. In March, 1986 The Mediterranean Garden under glass was opened. Enjoy year round, the ambience of Spain, the South of France and the Isles of Greece as well as flora of other areas of the world with comparable climates.

Burlington is among the fastest growing cities in all of Canada. The city's phenomenal growth has been carefully planned. Beautiful residential neighbourhoods climb from the shores of Lake Ontario to the picturesque Niagara Escarpment. Sound planning is also seen in the placement of schools, libraries, recreational facilities, modern enclosed malls, and in charming theme boutiques.

The initiative of Burlington's residents has made possible the award-winning library, an excellent 500-bed hospital, the renowned Teen Tour band, and the Burlington Cultural Centre. Burlington's Sound of Music Festival, a community-supported annual event, features outdoor entertainment with big bands, country and jazz ensembles, pop orchestras, a street dance and fireworks.

Burlington offers an extensive recreational program of arenas, golf courses, racquet clubs, yachting on Lake Ontario, a modern Y.M.C.A., and acres of parkland. In November, the new Mainway Arena was opened boasting year-round skating on its twin pad surfaces.

Burlington is clean, beautiful and progressive .. the kind of environment where families have an opportunity to enjoy the good life!

OAKVILLE

It was the year 1828 when William Chisholm established Oakville. Built at the mouth of Sixteen Mile Creek and Lake Ontario, the town soon became a major port and commercial centre. The Chisholm Estate still stands among early homes as a reminder of the town's lakeshore heritage.

Oakville residents still focus their recreational and cultural activities around the lake. One beautiful example is Gairloch Gardens. This waterfront oasis offers rolling lawns and brilliant colour in beds of flowers and in the works of art at Gairloch Gallery. The distinctive ambience of downtown Oakville on the lakeshore has been enhanced by the completion of a $1 million streetscape program, and the opening of a parking garage designed to blend with the atmosphere.

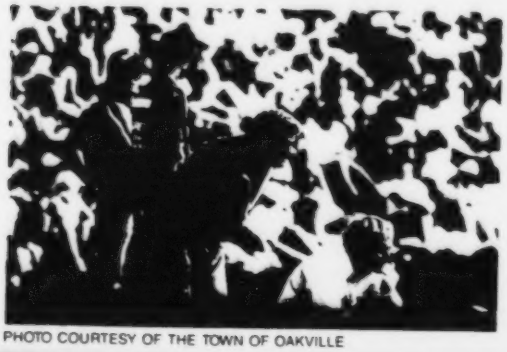


PHOTO COURTESY OF THE TOWN OF OAKVILLE

The lake schooner of yesterday is history, replaced now by sleek yachts and powercraft which slip out into Lake Ontario from Bronte and Oakville's recreational harbours. The east bank of the Oakville harbour is the location of the Centennial Centre which features an extensive public library, swimming pool and theatre for the performing arts.

In the northern part of the town is the Sheridan College campus, and to the west, the Bronte Creek Provincial Park .. a 2,000 acre recreation area.

Oakville wears its heritage proudly, but like its founder, William Chisholm, the town recognizes its growth potential. The coming decade will see a marked increase in population, commerce and industry; yet Oakville's future development, as in the past, will be tempered by tradition.

The challenging Glen Abbey Golf Course, designed by Jack Nicklaus, is the permanent home of The Canadian Open, Canada's most prestigious annual professional golf tournament.

FOUR FINE MUNICIPALITIES - ONE WORLD CLASS LOCATION

MILTON

Milton is a mere thirty-minute drive from downtown Toronto. Yet in spite of this urban proximity and the town's significant commercial/industrial growth, Milton has preserved its home-town character and community spirit.

The community's link with its rural heritage may be seen at the ninety-two acre Ontario Agricultural Museum with its fascinating displays of early farm equipment, and restored farm buildings. And it is evident at the Steam Era Festival when people come from near and far to relive the days when giant tractors and other farm equipment were propelled by steam power. As well, Crawford Lake is one of the few accurately reconstructed sites of a pre-historic Indian village in Canada.

Milton's charming Campbellville has an excellent reputation among antique hunters, craft lovers and those seeking a country village experience. Fine dining is offered at several unique restaurants, and for real excitement, there is horse-racing at the fabulous Mohawk Raceway.

The spectacular scenery in the major TV production of "I'll Take Manhattan" was provided by Victoria Park, Kelso Conservation area, and Milton's historic Town Hall and Ontario Railway Museum.

Milton is justifiably proud of its rural heritage; yet it has not overlooked the amenities that contribute to future growth and development. Good shopping, housing, education and recreational and religious facilities are an integral part of Milton .. a friendly community on the move.

The 578-acre Kelso Park offers swimming, sailing, and picnicking in the summer. During the winter, Kelso attracts skiers, tobogganners, and snowmobilers.

HALTON HILLS

Halton Hills is a municipality with two separate urban centres .. Georgetown and Acton. Each has its own distinct character.

Community spirit is highly visible in the people of Halton Hills. Festival 5 – Keeping Culture Alive – a week-long celebration of the 5th anniversary of the Halton Hills Library and Cultural Centre raised close to $4,500 for the facility. Community service providers banded together for Halton Hills Community Open House which provided over 3,000 residents with a comprehensive collection of brochures, displays, videos, workshops and shows regarding its excellent recreational and social services.

The Niagara Escarpment provides virtually unlimited opportunities for hiking along the well known Bruce Trail, skiing, snow-shoeing, horseback riding, and other outdoor pursuits. Organized summer and winter sports activities abound for all ages. Georgetown is the home of the little NHL, so naturally, hockey dominates the winter scene at Halton Hills' arenas. Swimming, sport fishing, golfing, boating and camping are other activities.

The community is also enriched both culturally and religiously. There are well-stocked libraries, excellent public and secondary schools, plus historical churches of most faiths. Devotees of the arts enjoy live theatre at the John Elliot Theatre and exhibits at the Halton Hills Cultural Centre in downtown Georgetown. Major annual attractions such as Fall fairs, and "Pick-Your-Own" Farms, and The Olde Hide House attract thousands of tourists each year to Halton Hills.

While the commercial ties with Toronto continue strong, the residents of Halton Hills enjoy the friendliness and more personal life style of suburban living.

PHOTO COURTESY OF ERIC ELSTONE

The grand opening of the Prospect Park Pavilion was held in 1986. This new facility has a full canteen operation, washrooms, a lounge area and a deck overlooking a wading pool, a new beach area and Fairy Lake. Canoes and paddle boats can be rented from the lower level during the summer months.

A GOVERNMENT WITH A WORLD CLASS VISION

The Region of Halton, which was formed January 1, 1974, is the upper level of municipal government with the area municipalities (the City of Burlington, the Towns of Oakville, Milton and Halton Hills) comprising the lower level. The concept and organization of regional government are based upon the principle that each level of government be responsible for those services which it can provide most efficiently.

Public education is provided by the Halton Board of Education and the Separate School Board.

Major services provided by each local government sector are as follows:

REGION OF HALTON	AREA MUNICIPALITIES	SCHOOL BOARDS
• Debenture issuance	• Local transit	• Elementary
• Health & social services	• Fire protection	• Secondary
• Water treatment and distribution	• Property tax collection	• Adult Education
• Sewer treatment and collection	• Parks & recreation	
• Regional planning	• Garbage collection	
• Business and tourism development & promotion	• Building inspection	
• Regional parks	• Residential roads	
• Solid waste disposal	• Sidewalks	
• Source separation	• Streetlighting	
• Arterial roads	• Storm sewers	
• Museum	• Hydro Electric Commission	
• Police protection	• Land zoning	
• Grants to Children's Aid Society	• Libraries	
• Grants to Conservation Authorities		

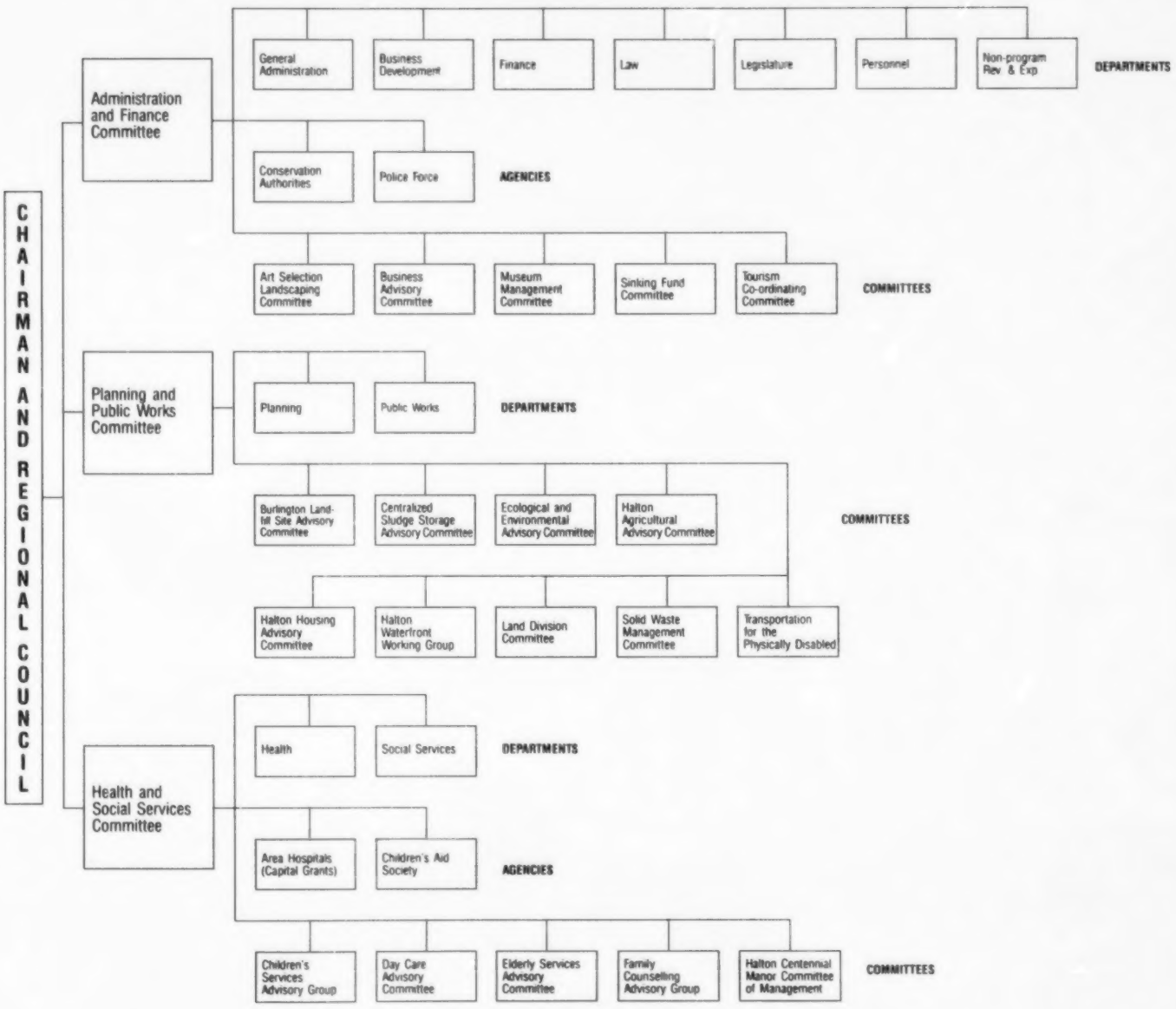
The governing body of the Region is Regional Council, which is composed of 25 members. Serving on Council are the Chairman, who is elected by Council, the four Area Mayors, as well as 20 other elected representatives from the local Municipal Councils.

The present Regional Council was elected in November 1985 for a three-year term. The Regional Council acts through the enactment of by-laws and resolutions. Each member has one vote except the Chairman who votes only in the event of a tie.

Regional Council is supported by three standing Committees: Administration and Finance, Planning and Public Works, Health and Social Services. Each committee consists of eight Council members and the Regional Chairman. The following depicts the reporting structure for all departments, sub-committees and agencies reporting through the Standing Committees to Council.

A GOVERNMENT WITH A WORLD CLASS VISION

PROGRAM AND COMMITTEE STRUCTURE



A GOVERNMENT WITH A WORLD CLASS VISION

In 1986, Halton's Council members had to confront a variety of very important and controversial issues. A couple of examples are as follows:

LANDFILL SITE SELECTION

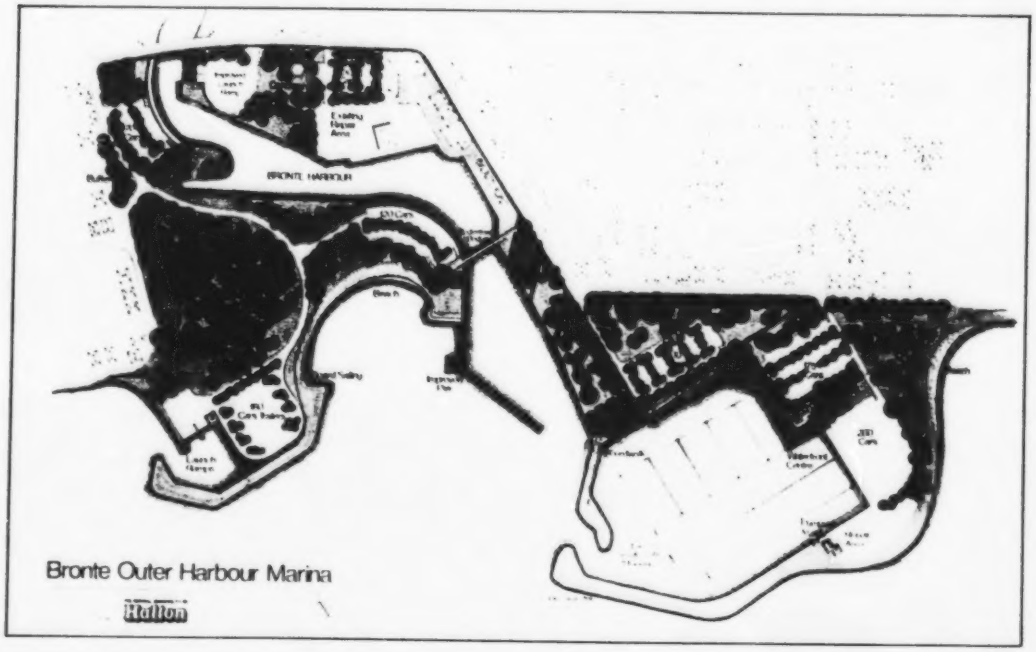
A major undertaking in 1986 was the continuing documentation necessary to receive approval for a new landfill site. During the year, much of the physical investigation on the suitability of two potential sites was compiled, which will form the basis for evidence at a required Consolidated Hearing to take place in 1987. The cost of this phase of the work undertaken under the provisions of the Ontario Environmental Protection Act is $1.75 million. The studies and reports identify two sites, one in Milton and one in Burlington as available and appropriate for landfilling. One of these sites is expected to be approved as Halton's new landfill site as a result of the Consolidated Hearing. A total budget of $1.8 million was approved for the hearing which is expected to continue throughout 1987.

WATERFRONT PARKS DEVELOPMENT

Making Halton's waterfront more accessible not only to Halton's residents, but to the residents of the rest of the province was a major concern for Halton Council in 1986. At the centre of attention were three major proposals for lakefront parks. The draft master plan was approved for the Burloak Waterfront Park, a $6.5 million, 14.7 hectare park featuring a 0.5 hectare replica of Lake Ontario and the surrounding area. In the fall Council approved the Bronte Harbour Feasibility Study which proposes an $8.6 million redevelopment of Bronte harbour including a 450-slip marina. As well, detailed planning was carried out for the Burlington Beach Waterfront Park which is expected to include a major marina, theatre, auditorium, a recreational spa and other new facilities, as well as a privately funded Great Lakes Interpretative Centre.

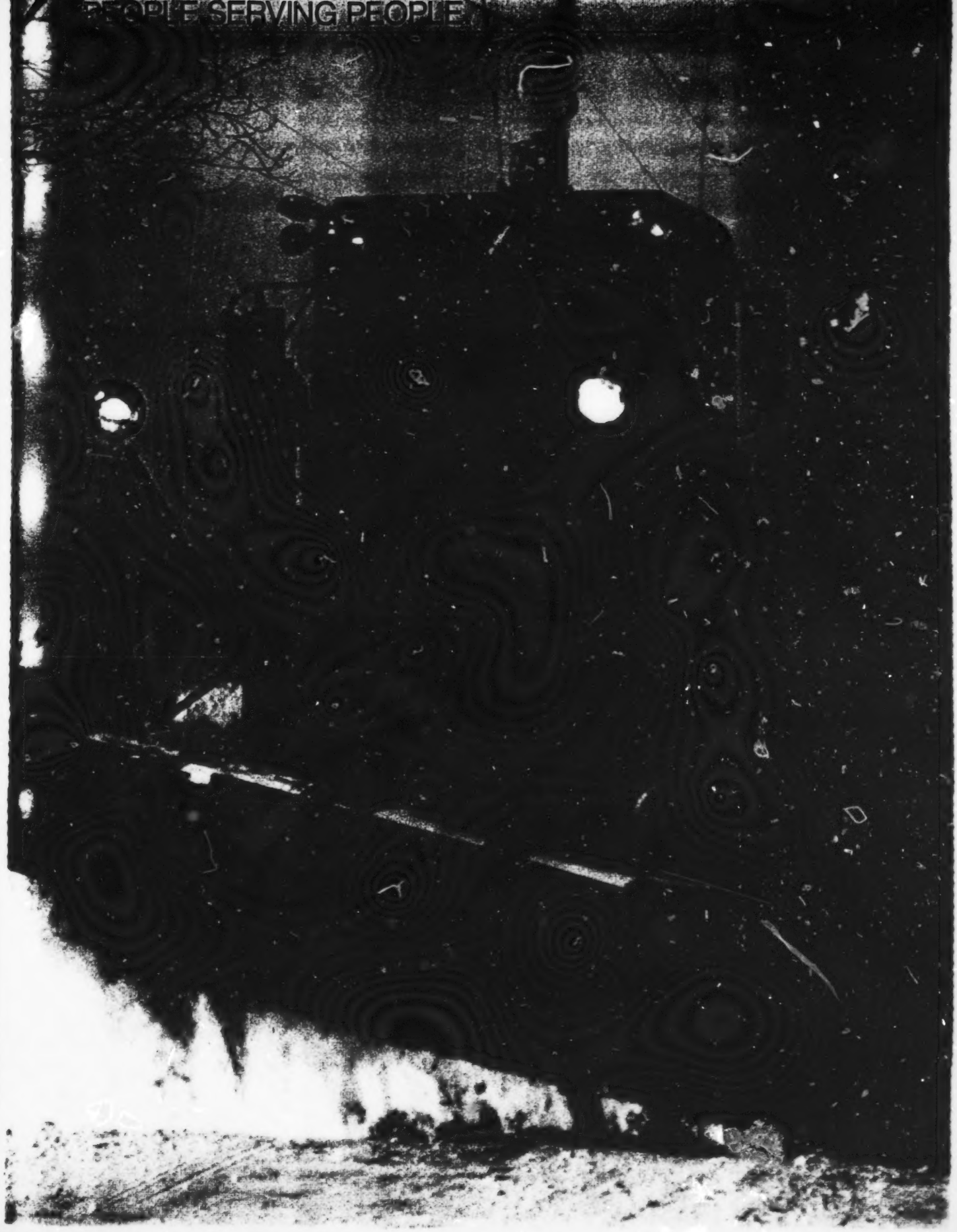
Expenditures during 1986 focused mainly on the completion of the master plans for these parks as well as the acquisition of land required for the park areas. In 1987, the Burlington Beach Waterfront Park master plan will be completed, negotiations with other funding sources will be considered and the land acquisition plan will continue, reflecting Halton's commitment towards bringing all three parks on stream over the next 20 years.

Efforts and decisions of Council regarding the above and other issues will affect Halton residents for years to come. Their vision will ensure that Halton remains "A World Class Place to Be" in the 21st century.



Bronte Outer Harbour Marina

Halton


PEOPLE SERVING PEOPLE

Residents of the Halton Centennial Manor enjoy Canada Day and Christmas Day celebrations. As well, programs in 1986 included an annual mini vacation, varied shopping trips, outings to Niagara, a wine tour and outside barbecues. These type of activities are designed to enhance the physical, mental, spiritual and social quality of life of each resident of Halton's home for the aged.

The children of Halton readily ic
Elmer the Safety Elephant and H
Police with the rules of safe

Water Purification Plant employees test Halton's water quality in order to minimize taste, odour and turbitity complaints. The quantity and quality of water continued as a top priority for Halton in 1986.

Workers fill one of eight storage tanks at Halton's new "state-of-the-art" Centralized Sludge Storage Facility. The unique floating roof design will prevent the emanation of odours and reduce the loss of valuable nutrients within the sludge. Halton is considered a world leader in sewage sludge utilization and each year spreads approximately 181 million litres of sludge on local farmer's fields providing them a valuable source of phosphorous and nitrogen.

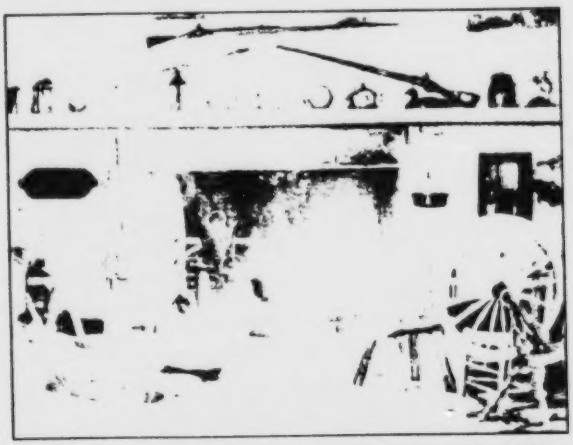
The Region installed over 35,500 meters of new watermains in 1986 reflecting the upswing in new developments and construction in Halton.

A large component of Community Health Services is the School Health Program. Nursing assessments on children entering the Halton school system are conducted, obtaining complete health, immunization and dental histories of each child. Vision and hearing tests are provided on a regular basis, as well as immunization clinics.

Health screening, education and counseling is provided to Halton's senior citizens in a variety of settings such as in the home, clinics or other community centres. This is provided on an individual, family or group basis. The seniors program is part of Halton's commitment of promoting optimum health for all it's residents.

The Region of Halton owns and operates three Day Care Centres which offer day care services for families in Halton, providing subsidy for those families in need. The integration component of the Day Care Centres program enables children with developmental delays to participate in the regular preschool environment.

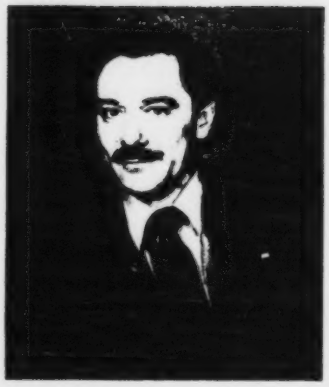
Halton Regional Police provide home security checks, giving advice on the methods of preventing crime. These checks are an integral part of the efforts to make Halton a safe and secure community.



With almost 40,000 artifacts displayed throughout the 15,000 square feet of museum space, Halton Region Museum has something to interest and inform everyone. Educational programming is offered for both the general public and the school children of Halton, as well as the popular Ice Cream Festival held annually on July 1st. The museum's "Couching Inn" fireplace, faced with locally produced millstones, is a representation of the type of fireplace found in a mid 19th century wayside inn.

... IMPROVING THE QUALITY OF LIFE

1986 FISCAL PERFORMANCE AND FINANCIAL CONDITION



Joseph L. Rinaldo
Director of Finance
and Regional Treasurer

INTRODUCTION

I am pleased to present the 1986 Consolidated Financial Statements for the Regional Municipality of Halton which have been prepared on a full accrual basis of accounting. These statements consolidate all operations for which Regional Council has legislative and financial responsibility. Additional financial information, relevant to the understanding of Regional operations, is presented in the statements of current operations, capital operations, as well as reserves and reserve funds.

As in the past five years, Halton was among the first Municipalities in Ontario to file the statements with the Province. The timely preparation of the audited financial statements, which were completed before the end of February, 1987, provided Regional Council with an opportunity to review its current financial position before finalizing and approving the 1987 Tax Supported Budget.

1986 FISCAL PERFORMANCE

CONSOLIDATED OPERATIONS

The statement of consolidated operations combines the revenues and expenditures of the current and capital operations as well as the reserves and reserve funds statements. The excess of revenues over expenditures for 1986 was $9.5 million, of which $.4 million was attributable to the capital program. The balance of $9.1 million which represents an increase in reserves and reserve funds includes $4.5 million of current operating surplus. The total expenditures of $118.7 million consist of $88.7 million for current operations and $30.0 million for capital operations.

CURRENT OPERATIONS

As already noted, Halton's net operating surplus for 1986 was $4.5 million of which $2.5 million was generated from Halton's Water & Sewer Utility Operations. Water and sewer rates are established at levels sufficient to recover both the operating and capital costs of the Water and Sewer Systems. For the year 1986, the cost of the Solid Waste Management Program which is recovered from a tipping fee payable by both private haulers and the Area Municipalities, was operated on a break even basis.

Greater than anticipated revenues from short-term investments and supplementary taxes were the major factors contributing to the tax supported surplus. The utility surplus is attributable to a larger revenue base, generated by an increase in both the size of the customer base as well as an overall per unit consumption increase in both the residential and commercial sectors. As in previous years the surplus was transferred to reserves to defray the cost of future capital requirements. Of this surplus $2.2 million has been earmarked to finance the 1987 capital program, which will reduce the need for the issuance of new debt.

Total expenditures of $95.8 million which represent an increase of 9.9% over 1985, were spent in compliance with the budget initially adopted by Council. Of total expenditures, 78% was utilized for current operating costs, 15% was applied for the servicing of debt, and 7% to the 1986 capital program.

REVENUE SOURCES

Halton is characterized by a strong and diversified revenue base which ensures that the broad range of municipal services included in the Regional mandate will be met. The following comparison illustrates the improved diversification in Halton's current revenues:

SOURCE OF REVENUES	1986	1977
Property Taxation	30.7%	42.2%
Direct User Charges	42.0%	21.6%
Unconditional Grants	11.0%	19.6%
Conditional Grants	15.3%	16.6%
Other	1.0%	0

Further, to the rapid economic growth which the Region has recently undergone, record levels in new building permits have been experienced. The value of these permits represents an increase in excess of 45% over 1985. As a result of this significant building activity, Halton has experienced an increase in taxable assessment of 6.2% relative to 1985.

IMPACT ON THE RESIDENTS OF HALTON

Although the 1986 current expenditures have increased by 9.9%, the effective impact on the average Regional ratepayer was a modest 4.9%. This is as a result of significant growth in utility flows coupled with the sizeable growth in taxable assessment. The impact is summarized as follows:

	1986	1985	CHANGE OVER 1985	
Combined Water/Sewer Rates	$245.14	$237.11	$ 8.03	3.4%
Property Taxation	201.96	189.29	12.67	6.7%
Total Regional Services	$447.10	$426.40	$20.70	4.9%

CAPITAL OPERATIONS

While fixed assets are not reported on the balance sheet, the residents of Halton have a significant investment in major facilities which include three water treatment plants, six water pollution control plants, 65 sewage/pumping stations, 52 water booster stations, wells and reservoirs, and 2,181 kilometres of water and sewer mains. All nine plants have been upgraded over the past ten years. Halton's six sewage treatment plants have the distinction of being environmentally rated above the Provincial average as established by the Ministry of Environment.

Halton's financial provisions for the development of an on-going capital program are designed to ensure that both current and future needs for the residential and commercial/industrial sectors are adequately met. These policies comprehensively incorporate the planned replacement of existing facilites and equipment, facility enhancements in response to more stringent standards as well as the infrastructure required to allow for Halton's development and growth. In endeavouring to meet these needs, a critical evaluation of Halton's fiscal capacity is regularly undertaken in order to ensure that financial stability is maintained and an undue tax burden is not imposed on Halton's ratepayers.

Halton's 1986 capital program of $30 million which represents an increase of $7.1 million over 1985 is indicative of Halton's ever increasing needs generated by the area's rapid economic growth. In order to minimize the impact on future taxation requirements, these expenditures were financed through various sources. These include 27% from current revenues, 26% from reserves, 26% from grants and other sources, and only 21% from debt.

The Region entered the capital markets only twice in 1986 and secured funding at an average cost of 9.75% which is amongst the lowest financing costs for Canadian municipalities. This capital financing included $3 million from reserves on a revolving fund basis which allows for borrowing of internal funds with repayment conditions similar to those of external debentures. This approach ensures an ongoing source of financing for Halton's capital program at a lower cost than external debt.

FINANCIAL POSITION

Halton's four area municipalities which also collect property taxes on behalf of the Region are characterized by a highly favourable record with respect to the timely collection of property tax revenues. In addition, Halton's direct collection of revenues due is equally favourable. Of the 42% of the total revenues which include utility billings and other fees and charges, only $13,080 - a fraction of one percent - was outstanding over 90 days. Similarly, in all of 1986 the uncollectable amount written off was only $14,085.

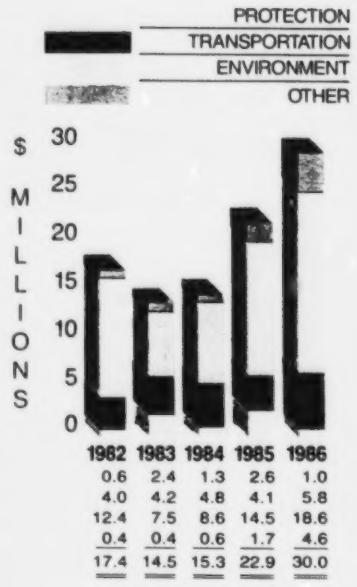
CASH MANAGEMENT

Halton has experienced yet another good year with respect to returns realized from the investment and cash management programs. Revenues in excess of $5.6 million comprised of interest earnings and realized capital gains provided a weighted average return of 10 3/8% for the year. The market value of the year end portfolio of $58.7 million was well in excess of $60 million plus accrued interest. The book value of the portfolio ranged from $40 million to $63.5 million during the calendar year 1986.

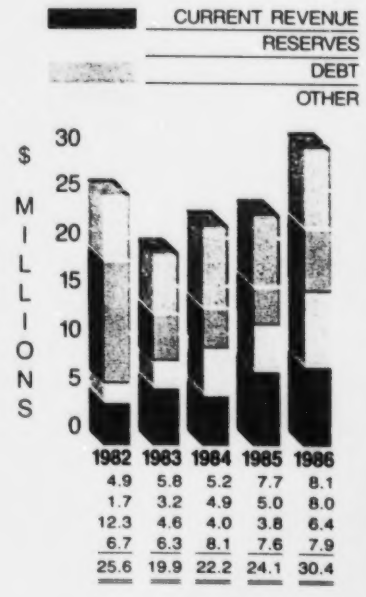
Within the constraints of a Council approved investment policy, which is reviewed annually, Halton maintains a conservative portfolio. Dominated by government backed risk free securities and those of the five major Canadian chartered banks with their low risk, the portfolio offers the combined features of protection and preservation of capital and provides high liquidity.

Steps are currently underway to take full advantage of the broad range of opportunities now offered by the marketplace following the recent technological developments in the investment and banking industry. On-line banking and investment services and automated cash management programs to be phased in over the next few years will provide more profitable employment of the cash resources at the Region's disposal and strengthen the internal controls and security of these resources.

Halton's cash management program already generates significant internal revenues. It is expected that Halton will continue to experience strong performance in this area which will augment other resources in financing Regional programs and minimize taxation requirements.

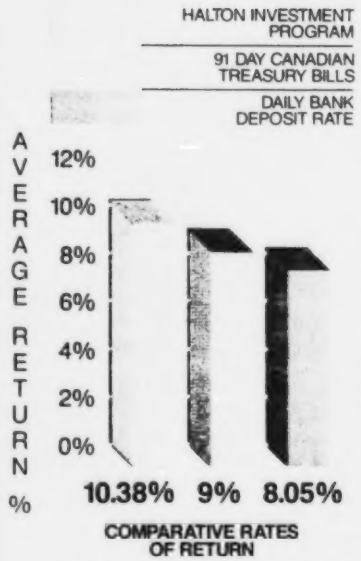


CAPITAL EXPENDITURE BY FUNCTION



CAPITAL FINANCING BY SOURCE

1986 FISCAL PERFORMANCE AND FINANCIAL CONDITION



COMPARATIVE RATES OF RETURN

RESERVES AND RESERVE FUNDS

The net financial position of the reserves and reserve funds improved by $9.1 million during the year. This increase is accounted for by contributions from developers of $10 million, investment income of $3.6 million and the transfer of accumulated net revenue of $4.5 million at year end. A total of $8 million was used to finance capital programs and $1 million for tax supported programs.

Over the last few years Halton has pursued policies to strengthen its reserves in order to integrate budget planning within the framework of a long term fiscal policy. Responsible fiscal management through use of reserves helps in reducing dependence on debt financing and avoids uneven fluctuations in levels of taxation and user charges.

Halton has developed reserves for known or contingent obligations, for future capital programs and other contingencies.

Broadly speaking, Regional reserves and reserve funds can be classified, based on end use as follows:

a) earmarked for general purposes such as working funds, contingencies and utility rate stabilization to overcome unavoidable or unforeseen revenue fluctuations; $8.5 million.

b) earmarked for specific tax supported programs such as planning and organizational studies and equipment replacement, obsolescence etc; $1.6 million.

c) set aside to discharge known or contingent liabilities such as self-insurance, workers' compensation, accumulated sick leave or liabilities in foreign currencies; $4.8 million.

d) to support future capital programs by distributing monetary requirements over a longer span of time including sewer and water facilities, solid waste management and energy from waste as well as other tax supported programs; $6.6 million.

e) developer contributions collected and set aside to meet the capital requirements associated with servicing new development; $22.8 million.

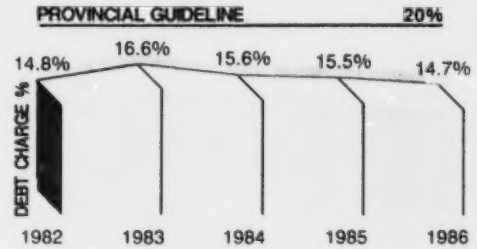
The reserves can be described as the equity of Halton residents. The strong fiscal base developed over the past few years has contributed to the high credit rating of 'AAA' accorded to Halton in the money and capital markets. The 'AAA' rating provides easier access into the financial markets and greater acceptance of Regional debt instruments. Consequently Halton is subject to lower interest costs for long term development of municipal services such as expansion of sewer, water and waste disposal programs, or new/enlarged parks and recreational facilities. This is extremely important since the Region of Halton issues debt on behalf of the Area Municipalities and the local Hydro Electric Commissions and may also be required to do so for the two local School Boards as well.

INVESTMENT REVENUE

DEBT MANAGEMENT

Halton's well managed capital program has been characterized by increases in debt over the past ten years which have been equal to but not in excess of the growth in Regional assessment experienced during this period. By monitoring existing levels of debt relative to future debt requirements necessary to maintain/enhance existing service levels, Halton is able to effectively manage and control its debt requirements. As Halton may only issue debt for capital purposes, this debt is usually reflective of the hard services required by the Region's expanding economy.

Incurrence of debt is planned by constructing capital works only when essential and at a level at which repayment will not significantly impact operating budgets. Management of debt is capped through Provincial (Ontario Municipal Board) monitoring, as the Province's upper limit guideline restricts debt charges to 20% or less of total operating expenditures. Regional debt not only meets the OMB guideline but has been set such that it is below the Regionally approved level of 19.5%.



DEBT CHARGES AS A % OF TOTAL EXPENDITURES

As at December 31, 1986, Halton's outstanding debt was $60.3 million. The average remaining life on all outstanding debt was 3.7 years. The average interest paid on all

outstanding debt was 9.8% (the average interest calculation includes interest free loans secured from the Province in the late 1970's).

Over the past five years Halton's reserve levels have increased significantly. Reserve levels in relationship to debt levels provides an indication of a municipality's ability to meet all of its outstanding long term obligations. Should a major economic downturn occur, reserves could be employed to ensure that repayment of principal and interest to bond holders will continue.

Halton's total outstanding debt has remained relatively stable over the past 5 years. Viewing this debt level in relationship to Halton's expanding economy, Halton's debt position has in fact been declining significantly as exhibited by debt as a percentage of total revenues declining from 96.6% in 1982 to 58.9% in 1986.

UNFUNDED LIABILITIES

Halton's sound financial position is further enhanced by the very limited level of unfunded liabilities.

Supplementary pension benefits related to past service in the amount of $1,413,000 is the only outstanding unfunded liability for pension of Halton's employees. It will be funded by annual payments of $214,000 over the next fourteen years. Regular pension benefits are provided through the Ontario Municipal Employees' Retirement System (OMERS). An actuarial valuation of the OMERS plan was made in 1985 and no deficiency existed in the plan, with total assets greater than expected liabilities.

The unfunded liability for unused sick leave upon termination of employment which amounts to only $2 million relates to certain employees hired prior to January 1, 1974. No liability is being incurred by the Region for employees with a commencement date subsequent to 1974. Longterm disability plans are in place for these employees and the costs of these plans are accrued annually.

A reserve to fund the sick leave liability was established in 1976 and has a balance of $1,299,000 as at December 31, 1986. In 1986, an actuarial calculation was undertaken. This analysis determined that an annual contribution of $50,000 would be required over the next 15 years to finance the balance of the accumulated sick leave liability. Regional Council approved this financing plan in 1986.

Under the Workers' Compensation Act, Ontario municipalities were allowed to self-insure their respective workers' compensation programs under the auspices of the Workers' Compensation Board. Halton elected to self-insure its program in 1980 and therefore contributions are based on actual claims experience plus an administrative fee of 15%. An amount of $1.8 million has been provided for this liability. An actuarial valuation undertaken in 1983 by the Wyatt Company determined that the reserve fund was sufficient to meet all obligations for Workers' Compensation.

Self-insuring Halton's workers' compensation program has resulted in substantial premium savings over the years and it is estimated that the savings for 1987 will be approximately $507,000. The current cost of the program is approximately $1.25 per $100 of earnings to a maximum of $26,800 which compares to a standard rate to employers covered under the Workers' Compensation Board of $2.51 per $100 of earnings to a maximum of $31,500.

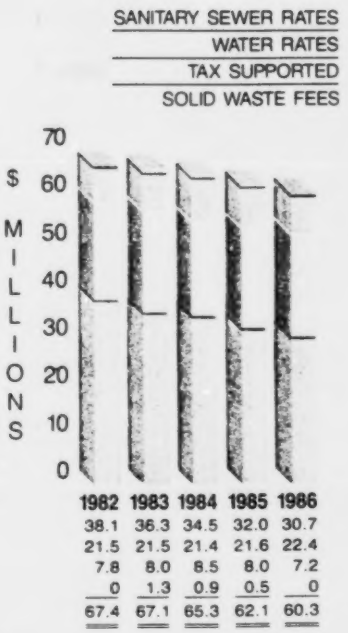
A comprehensive safety program, which was established in 1980, has certainly contributed to the excellent claims record experienced in Halton.

RISK MANAGEMENT

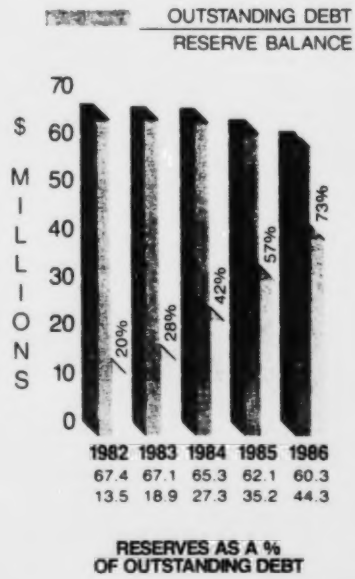
A comprehensive risk management program has been implemented in Halton in order to safeguard the Region's assets. This program includes the evaluation and identification of risk and the determination of the best form of insurance coverages at the lowest cost. An evaluation of the Region's underwriters, a monitoring and evaluation of Halton's claims experience and the development of a strategy to balance risk, cost and coverage are also regularly undertaken.

The coverage and deductible pattern established by Halton has not been to insure against anticipated losses but to retain an appropriate level of self-insurance and to make adequate provisions in the event of disastrous losses.

The claims experienced by Halton since its inception shows a favourable claims to premium ratio and a continual reduction in claims since 1983. In fact no losses have been incurred above the deductible in 1986. With an insurance reserve of $1 million, the deductible for Municipal Liability Claims was increased to $100,000 in 1986, with a corresponding savings in premiums of approximately $130,000. For 1987, Halton's excellent record enabled its insurance premiums for liability to further decline by approximately 10%.



OUTSTANDING DEBT BY REVENUE RECOVERY SOURCE



RESERVES AS A % OF OUTSTANDING DEBT

1986 FISCAL PERFORMANCE AND FINANCIAL CONDITION

NEW INITIATIVES IN 1986

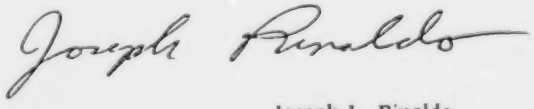
- ☐ Expansion of Halton's Source Separation Program to include the commercial/industrial sector in order to increase the solid waste diverted from the Landfill site.
- ☐ Continuation in the expansion of the Day Care Program with an additional 209 spaces.
- ☐ Completion of a management audit on the Environmental Health Division of the Health Department undertaken as a pilot project.
- ☐ Requests for competitive proposals for external auditing services, independent real estate appraisers and external legal services for the conveyance of real property have been made, in keeping with the Region's policy of periodically re-evaluating its major services. Fee reductions have been realized in all three cases.
- ☐ Enhancement of the criminal investigation capabilities of the Halton Regional Police Force and introduction of a major crime bureau.
- ☐ Implementation of Phase II of the H.E.A.R.T. project (Halton Entry and Retrieval Telecommunication System) implemented by Halton Regional Police Force in March, 1986 when the computer aided dispatch sub-system became operational.
- ☐ The refinancing of $6.8 million by the Region on behalf of three Hydro Electric Commissions related to assets assumed from Ontario Hydro during a restructuring of local commissions in 1980. The refinancing resulted in a reduction in the interest on outstanding debt from approximately 13.0% to 9.5% and a significant reduction in the term. This has resulted in savings in interest to ratepayers in excess of $5.6 million.

STRATEGY FOR 1987

Halton's recent dynamic growth and development are expected to continue into the foreseeable future and it is with a good deal of optimism that the Region looks forward to considerable strengthening and diversification in all facets of its economic development.

Halton's corporate strategy has been aimed at balancing municipal service requirements for both existing and new residential and commercial/industrial growth with fiscal capacity, in order to maintain a sound financial position and avoid imposing an undue tax burden on the residents of Halton. The development of a sound system of budgeting which promotes accountability and assesses the financial impacts of all alternatives has continually ensured timely decision-making and an integrated approach to long term planning.

It has been, and remains, Halton's objective to be responsive to community needs and to exhibit a willingness to be innovative in its approach to ever increasing service demands. Through the prudent utilization of resources, Halton will continue to be recognized as an area characterized by a continually improving standard of living while remaining financially competitive in terms of its ability to attract and sustain balanced growth and development.



Joseph L. Rinaldo
Director of Finance
and Regional Treasurer

AUDITED FINANCIAL STATEMENTS

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MANAGEMENT REPORT

The management of The Regional Municipality of Halton is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying financial statements. These statements consolidate all operations for which Halton has legislative and financial responsibility.

The financial statements have been prepared by management in accordance with accounting principles prescribed for Ontario municipalities. A summary of the significant accounting policies are disclosed in Note 1 to the financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The controls provide for an organization structure which effectively segregates responsibilities, includes delegation of authority and accountability, employs highly qualified professional staff, and develops corporate policies and procedures which are continually reviewed. The systems are also characterized by sound budget control which reflects accountability within delineated areas of responsibilities, as well as a continuing program of internal audit.

In 1986, the jurisdiction of the Administration and Finance Committee was expanded to include its role as the Audit Committee with the Procedure By-law amended accordingly. The Administration and Finance Committee which consists of nine members of Council, reviews and approves the financial statements before such statements are submitted to Council and published for the residents and ratepayers of Halton. As mandated by resolution of Council, the internal and external auditors have access to, and regularly meet with, the Administration and Finance Committee to discuss their audits and the results of their examination.

The 1986 Financial Statements have been examined by Halton's external auditors, Peat, Marwick, Mitchell & Co., (Chartered Accountants), and their report precedes the financial statements.

Joseph Rinaldo

Oakville, Canada
February 27, 1987.
Approved by Council March 18, 1987.

J.L. Rinaldo
Director of Finance

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of The Regional Municipality of Halton:

We have examined the consolidated balance sheet of the Corporation of The Regional Municipality of Halton as at December 31, 1986 and the consolidated statement of operations for the year then ended. In addition, we have examined the statements of current operations, capital operations, and reserves and reserve funds for the year ended December 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation of The Regional Municipality of Halton as at December 31, 1986 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The 1985 figures, presented for comparative purposes, were reported on by another firm of chartered accountants.

Peat, Marwick, Mitchell & Co.

Burlington, Canada
February 27, 1987

Chartered Accountants

CONSOLIDATED BALANCE SHEET

as at December 31, 1986
(with comparative figures as at December 31, 1985)

(Dollars in Thousands)

ASSETS	1986	1985
Unrestricted		
Cash and short-term investments	$ 28,854	$ 28,412
Accounts receivable		
Grants	5,214	5,464
Utilities	3,974	3,826
Other	3,090	2,143
Other current assets	1,399	1,137
	42,531	40,982
Restricted		
Cash and short-term investments	29,671	20,521
Capital outlay to be recovered in future years	60,334	62,134
	$132,536	$123,637

LIABILITIES		
Accounts payable and accrued liabilities	$ 17,017	$ 14,008
Net long-term liabilities (Notes 2, 3 & 4)	60,334	62,134
	77,351	76,142

RATEPAYERS' EQUITY		
Net unexpended capital financing (Note 10)	10,879	12,313
Reserves	14,635	14,661
Reserve funds	29,671	20,521
	55,185	47,495
	$132,536	$123,637

CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

FINANCING	1986	1985
Taxation & user charges		
Property taxes	$ 30,800	$ 27,810
Water billings	14,165	13,465
Sewer surcharge	15,717	15,039
Solid waste fees	5,362	4,404
Home for the aged resident fees	2,656	2,507
Other user charges	4,210	3,602
Grants		
Ontario	29,283	28,621
Canada	56	16
Other		
Contributions from developers	11,986	6,309
Investment income	5,665	4,887
Other	1,907	1,399
Long-term debt issued	6,360	3,795
TOTAL FINANCING	128,167	111,854
EXPENDITURE		
General government	6,124	4,069
Protection to persons and property	23,544	23,037
Transportation services	8,303	6,699
Environmental services	53,109	45,234
Health services	7,261	5,603
Social and family services	18,295	16,353
Recreation and cultural services	602	502
Planning and development	1,451	1,287
TOTAL EXPENDITURE	118,689	102,784
Net increase in ratepayers' equity	9,478	9,070
Future contributions to developers (Note 9 (b))	(1,788)	-
Ratepayers' equity at the beginning of year	47,495	38,425
Ratepayers' equity at the end of year	$ 55,185	$ 47,495

See accompanying notes to financial statements

STATEMENT OF CURRENT OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Taxation & user charges			
Property taxes	$ 29,917	$ 30,800	$ 27,810
Water billings	12,784	14,165	13,465
Sewer surcharge	14,800	15,717	15,039
Solid waste fees	4,876	5,362	4,404
Home for the aged resident fees	2,515	2,656	2,507
Other user charges	3,536	4,210	3,602
Grants			
Ontario	26,935	26,352	24,219
Canada	107	56	16
Other			
Investment income	729	905	864
Contributions from developers	64	64	57
TOTAL REVENUE	96,263	100,287	91,983
EXPENDITURE			
General government	4,396	4,253	3,970
Protection to persons and property	22,773	22,569	20,422
Transportation services	2,435	2,537	2,590
Environmental services	34,196	34,529	30,763
Health services	5,155	4,921	4,399
Social and family services	18,618	17,966	15,959
Recreation and cultural services	493	474	489
Planning and development	1,501	1,435	1,287
TOTAL EXPENDITURE	89,567	88,684	79,879
NET REVENUE BEFORE APPROPRIATIONS	6,696	11,603	12,104
NET APPROPRIATIONS TO (FROM)			
Capital operations	8,357	8,144	7,665
Reserves and reserve funds	(1,661)	(1,026)	(343)
TOTAL NET APPROPRIATIONS	6,696	7,118	7,322
Accumulated net revenue at the end of the year	$ -	$ 4,485	$ 4,782
Analyzed as follows:			
Tax supported programs	$ -	$ 1,919	$ 1,213
Utilites - water	-	1,468	1,762
- sewer	-	1,098	1,807
Accumulated net revenue appropriated to reserves	$ -	$ 4,485	$ 4,782

See accompanying notes to financial statements

STATEMENT OF CAPITAL OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

FINANCING	1986	1985
Grants		
Ontario	$ 2,931	$ 4,402
Other		
Contributions from developers	1,955	751
Investment income	1,084	1,076
Other	1,907	1,399
Long-term debt issued	6,360	3,795
TOTAL FINANCING	14,237	11,423
EXPENDITURE		
General government	1,871	99
Protection to persons and property	975	2,615
Transportation services	5,766	4,109
Environmental services	18,580	14,471
Health services	2,340	1,204
Social and family services	329	394
Recreation, cultural and planning services	144	13
TOTAL EXPENDITURE	30,005	22,905
NET EXPENDITURE BEFORE APPROPRIATIONS	(15,768)	(11,482)
NET APPROPRIATIONS FROM		
Current operations	8,144	7,665
Reserves and reserve funds	7,978	4,994
TOTAL NET APPROPRIATIONS	16,122	12,659
Net increase in unexpended capital financing	354	1,177
Future contributions to developers (Note 9 (b))	(1,788)	-
Net unexpended capital financing at the beginning of the year	12,313	11,136
Net unexpended capital financing at the end of the year	$10,879	$12,313

See accompanying notes to financial statements

STATEMENT OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986	1985
Other		
Contributions from developers	$ 9,967	$ 5,501
Investment income	3,676	2,947
TOTAL REVENUE BEFORE APPROPRIATIONS	13,643	8,448
NET APPROPRIATIONS TO (FROM)		
Capital operations	7,978	4,994
Current operations:		
Accumulated net revenue at end of year	(4,485)	(4,782)
Other	1,026	343
TOTAL APPROPRIATIONS	4,519	555
Net increase in reserves & reserve funds	9,124	7,893
Balance at the beginning of the year	35,182	27,289
Balance at the end of the year	$44,306	$35,182

ANALYZED AS FOLLOWS:		
RESERVES		
Utility rate stabilization	$ 5,499	$ 5,728
Capital	4,894	3,459
Working funds	2,039	2,766
Replacement of equipment	981	1,004
Contingencies	748	703
Other	474	1,001
	14,635	14,661
RESERVE FUNDS		
Lot levies and subdivider contributions	22,771	15,133
Energy from waste	2,080	1,555
Workers' compensation	1,814	1,588
Sick leave	1,299	1,163
Self-insurance	1,068	501
Foreign exchange	610	552
Ex-gratia disaster relief	29	29
	29,671	20,521
TOTAL RESERVES & RESERVE FUNDS	$44,306	$35,182

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) FINANCIAL STATEMENTS

(i) **Consolidated Statements**

The consolidated balance sheet and the consolidated statement of operations for The Regional Municipality of Halton (Halton) have been prepared in accordance with accounting principles prescribed for Ontario municipalities.

The consolidated balance sheet presents the balances of assets, liabilities and ratepayers' equity as at December 31, 1986. The assets are segregated by restricted and unrestricted. The restricted assets are those of the reserve funds and have been set aside for specific purposes either by legislation or by Council.

The consolidated statement of operations presents the total Regional operations in 1986. This statement is a consolidation of the revenues and expenditures reported on the statements of Current Operations, Capital Operations and Reserves and Reserve Funds.

(ii) **Statements of Current Operations, Capital Operations and Reserves and Reserve Funds**

The statements of current operations, capital operations, and reserves and reserve funds have been prepared in accordance with accounting principles prescribed for Ontario municipalities except that they reflect interfund appropriations which are reported separately in these statements.

For accounting and reporting purposes, Halton segregates funds arising from the current operations, capital operations and reserves and reserve funds. These statements are included in order to provide additional information relevant to the understanding of the financial activities of The Regional Municipality of Halton.

The accounting principles in these financial statements have been applied on a basis consistent with that of the preceding year. The statements necessarily include some amounts which are based on management's best estimates and judgments.

(B) BASIS OF CONSOLIDATION

The financial statements reflect the assets and liabilities, revenues and expenditures of the current and capital operations, and reserves and reserve funds of Halton, its utilities, and the Halton Regional Police Force. Utilities, which are recovered from user charges, consist of the water treatment and distribution system, the sanitary sewage collection and treatment system, and the solid waste disposal operation.

The financial activities of Halton's Children's Aid Society and the Conservation Authorities, are excluded from these financial statements except to the extent of Halton's contributions to these boards. In addition, Regionally administered programs (such as Home Care), which are fully funded by the Province of Ontario on the basis of a March 31 year-end, are excluded from these statements.

Trust Funds of the residents of Halton Centennial Manor, which are administered by Halton have not been included in the financial statements, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

All interfund assets and liabilities, and interfund appropriations (except for interest and interfund loans) have been eliminated in the consolidated statements.

(C) BASIS OF ACCOUNTING

(i) **Accrual Accounting**

Halton follows the accrual method of accounting for revenues and expenditures except for expenditure for vested sick leave benefits (note 6). Revenues are normally recognized in the year in which they are earned. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services.

In the case of grants from other governments, revenue recognition normally occurs when Halton has incurred the expenditures to which the grant entitlement is attached, or has otherwise met the necessary requirements upon which entitlement to the grant is based.

In certain cases, primarily revenues received for capital projects from other levels of government, advances may be made once approvals are given by other governments and certain conditions met

by Halton. To the extent that the related capital expenditure has not been incurred at the end of the year, any receipts in excess of the grant actually earned are included in net unexpended capital financing.

(ii) **Fixed Assets**
The historical cost and accumulated depreciation for fixed assets are not reported on the Consolidated Balance Sheet. Fixed asset purchases are reported in the year of acquisition. Fixed asset expenditures are financed from current operations, long-term liabilities, reserves and reserve funds, grants, contributions from developers and other sources.

(iii) **Capital Outlay To Be Recovered In Future Years**
Capital outlay to be recovered in future years represents the outstanding principal portion of unmatured long-term debt, and is reported on the Consolidated Balance Sheet.

(iv) **Net Long-term Liabilities**
Principal payments are charged against current operations as they are paid. Interest is charged against operations as it is incurred.

In addition to the net long-term liabilities incurred directly, Halton has assumed the responsibility of servicing the liabilities originally issued by local municipalities in respect of functions which are a Regional responsibility.

As well as issuing long-term liabilities for Regional purposes, Halton also issues long-term libilities on behalf of the Area Municipalities, the Hydro-Electric Commissions, and the School Boards. The responsibility for raising the amounts required to service these liabilities lies with the respective Area Municipalities, Hydro-Electric Commissions and School Boards.

(v) **Foreign Currency Translation**
Long-term liabilities include debentures issued in U.S. dollars, recorded at the exchange rates prevailing when the proceeds were converted into Canadian funds. Gains and losses on foreign currency transactions are charged to operations when they are realized.

(vi) **Reserves & Reserve Funds**
Halton follows the practice of setting aside amounts by the appropriation of current surplus and revenues into reserves and reserve funds which are retained for general and specific purposes. These reserves and reserve funds are established by Council resolution or by-law, and amounts are only spent in accordance with the terms and policies established by Council and are available for future purposes. Expenditures in respect of items for which the reserves have been created are reported on the Consolidated Statement of Operations as they are incurred.

The Lot Levies and Subdividers' Contribution Reserve Fund represents contributions collected from new residential development which have been set aside to defray future capital expenditures related to this development as required by legislation and agreements.

(vii) **Short Term Investments**
Short-term investments are carried at cost plus accrued interest.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1986

2. NET LONG-TERM LIABILITIES

The balance of net long-term liabilities is made up of the following:

(Dollars in Thousands)

	1986	1985
Long-term liabilities incurred by Halton	$103,824	$88,685
Long-term liabilities incurred by area municipalities assumed by Halton	4,330	5,678
Total Long-term liabilities	108,154	94,363
Long-term liabilities incurred by Halton and recoverable from:		
Area Municipalities		
General municipal purposes	25,755	22,832
Hydro-Electric Commissions	9,319	3,559
School Boards	12,746	5,838
Total recoverable long-term liabilities	47,820	32,229
Net long-term liabilities at the end of the year	$ 60,334	$62,134

Net long-term liabilities at the end of the year to be recovered from:

	1986	1985
Property taxes	$ 7,244	$ 8,040
Water billings	21,056	20,083
Sewer surcharge	28,933	29,908
Solid waste fees	-	482
Reserve funds	672	730
Special charges on benefitting landowners	2,429	2,891
	$60,334	$62,134

3. NET LONG-TERM LIABILITIES PAYABLE IN U.S. CURRENCY

Included in the long-term liabilities are obligations expressed in Canadian dollars at historical U.S. exchange rates:

(Dollars in Thousands)

	1986	1985
Long-term liabilities incurred by Halton	$15,952	$17,883
Long-term liabilities for which other governments have assumed responsibility	(5,467)	(5,958)
Net long-term liabilities	$10,485	$11,925

If the total long-term liabilities were translated into Canadian dollars at the exchange rate prevailing at December 31, 1986, the total liability would be increased by $3,840,000 of which $2,234,000 would be Halton's share. An amount of $610,000 has been provided for Halton's share of this liability and is reported as a reserve fund.

4. CHARGES FOR NET LONG-TERM LIABILITIES

The charges for the year for net long-term liabilities are:

(Dollars in Thousands)

	1986	1985
Principal	$ 8,218	$ 6,976
Interest and U.S. Exchange	6,115	6,517
	$14,333	$13,493

The charges shown above were recovered as follows:

Property taxes		
General levy	$ 1,351	$ 1,337
Special levy - City of Burlington	364	360
Utility revenues and special charges on benefitting landowners	12,480	11,653
Reserve funds	138	143
	$14,333	$13,493

5. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

(a) Halton has outstanding contractual obligations of $7,611,000 for capital works and $3,459,000 for current operations. Regional Council has authorized the financing of these obligations.

(b) Halton has entered into operating leases for various office premises and equipment requiring the following payments over the next five years:

1987 - $927,000
1988 - $904,000
1989 - $838,000
1990 - $755,000
1991 - $602,000

(c) The amounts required for principal and interest for net long-term liabilities for 1987 and future years are as follows:

(Dollars in Thousands)

	Principal	Interest	Total
1987	$ 8,798	$ 5,430	$14,228
1988	8,210	4,496	12,706
1989	7,950	3,628	11,578
1990	7,606	2,872	10,478
1991	5,848	2,222	8,070
1992 - 1996	21,162	4,711	25,873
1997 onwards	760	84	844
	$60,334	$23,443	$83,777

(d) Halton is committed to finance future expenditures of $6,834,000 from the reserves and reserve funds.

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 1986

6. LIABILITY FOR VESTED SICK LEAVE

Under a former sick leave benefit plan, some employees hired prior to January 1, 1974, are entitled to receive cash payments for unused sick leave upon termination of employment. The unrecorded liability for these accumulated days amounted to $1,988,000 at December 31, 1986, (1985 - $2,003,000). An amount of $1,299,000 (1985 - $1,163,000) has been provided for this liability and is reported as a reserve fund.

In 1986, Council approved a plan to finance the balance of this liability by annual contributions of $50,000 from property tax revenues over the next 15 years.

7. PAST SERVICE PENSION COSTS

Under existing agreements with the Ontario Municipal Employees' Retirement Board, Halton is obliged for the cost of providing supplementary benefits related to past service of certain employees of the Halton Regional Police Force. Under new agreements (1986), this benifit was extended to certain other Regional employees. The outstanding liability is as follows:

	1986	1985
Halton Regional Police Force Employees	$ 899,000	$ 977,000
Other Employees	514,000	-
	$ 1,413,000	$ 977,000

No provision has been made for this liability which will be funded by annual payments of $214,000 (1985 - $155,000) from general revenues derived from property taxes and utility rates over the next 14 years.

8. CONTINGENT LIABILITIES

(a) Halton has assumed the liability for any costs awarded under the Workers' Compensation Act. An amount of $1,814,000 has been provided for this liability and is reported as a reserve fund. An actuarial evaluation undertaken in 1983 determined that the reserve fund was sufficient to meet the obligations for workers' compensation.

(b) Certain claims against Halton with regard to the Expropriation Act, and other matters, are currently outstanding. The outcome and potential liability of these claims are yet to be determined and therefore no provision has been made.

(c) Halton has entered into an agreement, which expires on March 31, 2000 with the Province of Ontario for the management of its forest areas. Under the agreement Halton is contingently liable to pay for the cost of managing these forests if the agreement is terminated. At the year-end the accumulated cost was $203,000.

9. DEVELOPMENT AGREEMENTS

(a) Under the terms of certain preliminary development agreements pertaining to the financing, servicing and construction of related Regional water and sewer infrastructure, a number of developers have provided capital financing for these works in an amount in excess of the normal requirements of Halton's capital contribution policy. Under these agreements, Halton has undertaken, whenever possible:

(i) To require subsequent residential developers who benefit from these works to share in this excess financing, and/or

(ii) To repay this excess financing to these developers by the appropriate portion of future capital contribution levies as they are collected from subsequent residential developers.

The amount of such capital financing which will be recovered whenever possible, from subsequent developers at December 31, 1986, is $3,599,000 (1985 - $5,510,000).

(b) In addition, under the terms of the agreements referred to in note 9(a), certain developers have also provided capital financing for water and sewer projects which are the responsibility of the Region. In 1986, the agreements were revised to acknowledge Halton's financial responsibility.

The total amount financed by developers, which is recoverable from Halton as at December 31, 1986, was $1,788,000 and has been reported on the Consolidated Balance Sheet as an accrued liability with a correpsonding reduction in the net unexpended capital financing.

10. NET UNEXPENDED CAPITAL FINANCING

Net unexpended capial financing represents the net financial position of all capital projects as at December 31, and is analyzed as follows:

(Dollars in Thousands)

	1986	1985
Unexpended capital financing	$(14,518)	$(16,191)
Capital expenditures which will be financed as follows:		
Long-term liabilities	1,548	3,097
Developer contributions	318	305
Other	1,973	476
Net unexpended capital financing	$(10,879)	$(12,313)

Approval of the Ontario Municipal Board has been received for future issuance of the long-term liabilities.

11. SUBSEQUENT EVENT

On February 25, 1987, Halton completed arrangements for an $8.5 million debenture issue carrying coupon rates of 7 3/4 - 9 1/2% maturing from 1988 to 2002 and priced to yield an average of 9.01%. Of the $8.5 million, $3.8 million was issued on behalf of the Halton Board of Education, $1.0 million on behalf of the City of Burlington, and $3.7 million for the Region. The settlement date is April 9, 1987.

12. COMPARATIVE FIGURES

Prior year figures have been reclassified to conform with the current year's presentation.

TRUST FUND
AUDITED FINANCIAL STATEMENTS
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THE REGIONAL MUNICIPALITY OF HALTON CENTENNIAL MANOR TRUST FUND

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of The Regional Municipality of Halton

We have examined the balance sheet of the Centennial Manor trust fund of The Regional Municipality of Halton as at December 31, 1986 and the statement of continuity of the trust fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Centennial Manor trust fund of The Regional Municipality of Halton as at December 31, 1986 and the continuity of the trust fund for the year then ended in accordance with the accounting principles disclosed in the note to the financial statements applied on a basis consistent with that of the preceding year.

The 1985 figures, presented for comparative purposes, were reported on by another firm of chartered accountants.

Peat, Marwick, Mitchell & Co.

Burlington,Canada
April 29, 1987

Chartered Accountants

CENTENNIAL MANOR TRUST FUND
BALANCE SHEET

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

ASSETS	1986	1985
Cash	$ 892	$1,017
Term deposits	92	92
Investment certificates	2,582	2,432
Stocks and bonds	325	205
Mortgages	-	33
	$3,891	$3,779
LIABILITIES		
Due to residents	$3,891	$3,779

STATEMENT OF CONTINUITY

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

	1986	1985
Due to residents, beginning of year	$3,779	$3,673
RECEIPTS		
Residents' deposits	3,795	3,496
Interest	87	84
	3,882	3,580
DISBURSEMENTS		
Maintenance	2,634	2,497
Payments to estates	713	660
Residents' charges	297	208
Pocket allowance	122	115
	3,766	3,480
(Decrease) Increase in market value of stocks	(4)	6
Due to residents, end of year	$3,891	$3,779

NOTE TO FINANCIAL STATEMENTS

for the year ended December 31, 1986

Accounting policies -
Halton Centennial Manor holds, in trust, residents' deposits in the form of cash and investments. Following is a summary of significant accounting policies of the Halton Centennial Manor Trust Fund:

(a) Receipts and disbursements are recorded on a cash basis.

(b) Term deposits, investment certificates, and bonds are carried at cost.

(c) Stocks are carried at year-end market value and the change in market value from the previous year-end is recorded as an adjustment in the amount due to residents.

STATISTICS, ANALYSES AND SCHEDULES
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Social and Family Services 45

FIVE YEAR FINANCIAL STATISTICS

(Dollars in Thousands)

CONSOLIDATED FINANCIAL POSITION	1986	1985	1984	1983	1982
Current assets	$ 72,202	$ 61,503	$ 49,275	$ 33,297	$ 21,657
Long-term assets	60,334	62,134	65,339	67,063	67,404
Total assets	$132,536	$123,637	$114,614	$100,360	$ 89,061
Current liabilities	$ 17,017	$ 14,008	$ 10,850	$ 10,184	$ 9,358
Long-term liabilities	60,334	62,134	65,339	67,063	67,404
Ratepayers' equity					
Net unexpended capital financing	10,879	12,313	11,136	4,203	(1,205)
Reserves	14,635	14,661	12,895	9,669	8,880
Reserve funds	29,671	20,521	14,394	9,241	4,624
	55,185	47,495	38,425	23,113	12,299
Total liabilities & ratepayers' equity	$132,536	$123,637	$114,614	$100,360	$ 89,061

OPERATIONS					
Current Revenues by Source					
Property taxes	$ 30,800	$ 27,810	$ 26,256	$ 24,465	$ 22,693
Water billings	14,165	13,465	11,677	10,190	7,906
Sewer surcharge	15,717	15,039	13,476	13,132	10,257
Ontario grants	26,352	24,219	22,343	22,244	20,316
Other revenue	13,253	11,450	9,788	7,863	7,353
	100,287	91,983	83,540	77,894	68,525
Current Expenditures by Function					
General government	4,253	3,970	3,721	3,504	3,034
Protection to persons & property	22,569	20,422	18,971	18,042	16,901
Transportation services	2,537	2,590	2,754	2,796	2,626
Environmental services	34,529	30,763	26,794	25,663	21,251
Health services	4,921	4,399	4,074	4,156	3,762
Social and family services	17,966	15,959	14,182	13,770	12,123
Recreation & cultural services	474	489	400	416	325
Planning and development	1,435	1,287	1,251	1,277	1,078
Net appropriations to own funds	7,118	7,322	6,774	5,344	5,171
	95,802	87,201	78,921	74,968	66,271
Accumulated net revenue appropriated to reserves	$ 4,485	$ 4,782	$ 4,619	$ 2,926	$ 2,254
Capital Financing by Source					
Contributions from own funds	$ 16,122	$ 12,659	$ 10,128	$ 8,958	$ 6,558
Long-term debt issued	6,360	3,795	4,000	4,560	12,330
Ontario grants	2,931	4,402	2,477	3,177	3,624
Contributions from developers	1,955	751	3,324	1,377	2,461
Other	2,991	2,475	2,316	1,794	659
	$ 30,359	$ 24,082	$ 22,245	$ 19,866	$ 25,632
Capital Expenditures by Function					
General government	$ 1,871	$ 99	$ 81	$ 96	$ 119
Protection to persons & property	975	2,615	1,309	2,385	575
Transportation services	5,766	4,109	4,764	4,183	4,049
Environmental services	18,580	14,471	8,596	7,506	12,367
Health services	2,340	1,204	268	33	185
Social and family services	329	394	279	168	78
Recreation, cultural and planning services	144	13	15	87	15
	$ 30,005	$ 22,905	$ 15,312	$ 14,458	$ 17,388

(Dollars in Thousands)

REVENUE SOURCES	1986	1985	1984	1983	1982
Taxable Assessment					
Residential & farm	$541,566	$526,739	$516,748	$502,317	$490,835
Commercial & industrial	230,440	225,978	219,066	219,206	216,693
	$772,006	$752,717	$735,814	$721,523	$707,528
Per Capita	$ 2,867	$ 2,846	$ 2,819	$ 2,801	$ 2,784
Utility Volumes					
Water flows (000's M^3)	38,268	39,217	36,811	36,189	32,757
Sewer flows (000's M^3)	34,185	34,520	34,391	33,801	29,859
Landfill (billable tonnes)	200,324	185,502	177,508	166,012	183,771
Average Regional Property Taxes and User Charges (to nearest cent)					
Property taxes	$ 201.96	$ 189.29	$ 182.26	$ 168.87	$ 157.11
Water billings	111.66	106.24	97.87	84.02	75.08
Sewer surcharge	133.48	130.87	125.11	120.90	108.05
	$ 447.10	$ 426.40	$ 405.24	$ 373.79	$ 340.24
Value of Building Permits					
Residential	$349,571	$194,285	$121,029	$ 94,810	$ 57,498
Commercial & industrial	$ 91,857	$ 72,124	$ 53,126	$ 26,333	$ 23,917

NET LONG-TERM LIABILITIES					
Debt Structure					
Net long-term debt					
General	$ 7,245	$ 8,040	$ 8,547	$ 7,978	$ 7,789
Utilities	53,089	54,094	56,792	59,085	59,615
	$ 60,334	$ 62,134	$ 65,339	$ 67,063	$ 67,404
Debt Servicing					
Debt charges					
General	$ 1,351	$ 1,336	$ 1,218	$ 1,532	$ 1,509
Utilities	12,982	12,157	11,068	10,946	8,468
	$ 14,333	$ 13,493	$ 12,286	$ 12,478*	$ 9,977
Debt Analysis					
Net debt per capita	$ 224.04	$ 234.91	$ 250.31	$ 260.38	$ 265.29
Debt charges per capita	$ 53.22	$ 51.01	$ 47.07	$ 48.45	$ 39.27
Reserves/outstanding debt	73.4%	56.6%	41.8%	28.2%	20.0%
Debt charges/total revenue	14.3%	14.7%	14.4%	15.6%	14.3%

STATISTICAL					
Area in hectares	97,460	97,460	97,460	97,460	97,460
Population	269,300	264,498	261,027	257,556	254,085
Households	96,007	90,240	88,442	86,982	85,294
Building permits issued:					
Residential	1,870	2,510	2,409	2,135	1,154
Commercial & industrial	659	549	501	418	418
Continuous full time employees:					
Police	443	429	420	409	404
Other	803	788	766	761	732

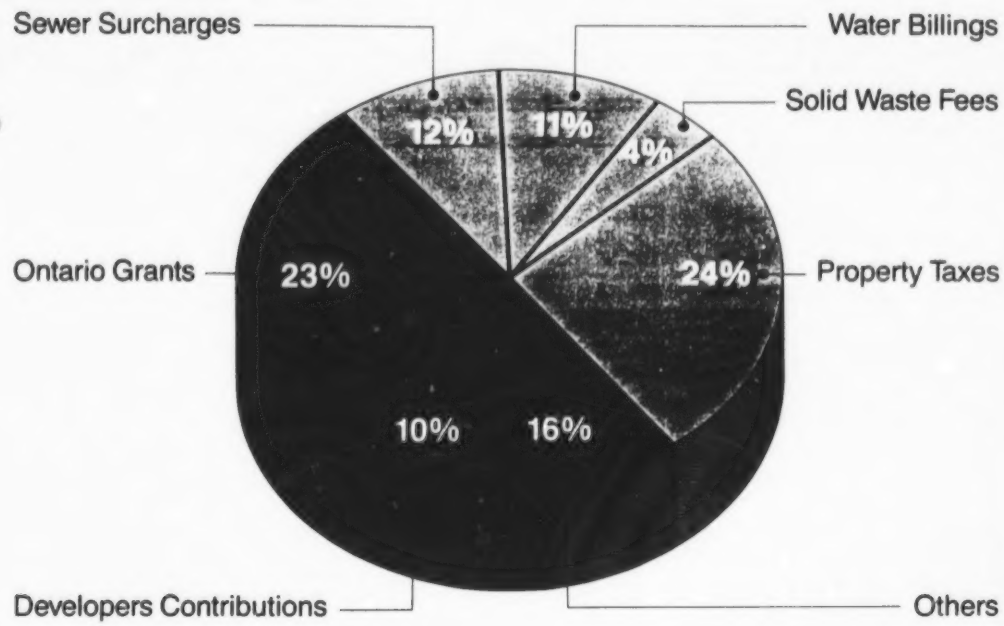
* Starting in 1983, debt charges were accounted for on the accrual method of accounting.

WHERE DOES THE MONEY COME FROM?

The pie chart illustrates the sources of Halton's consolidated revenues in 1986.

PROPERTY TAXES AND UTILITY RATES – 51%

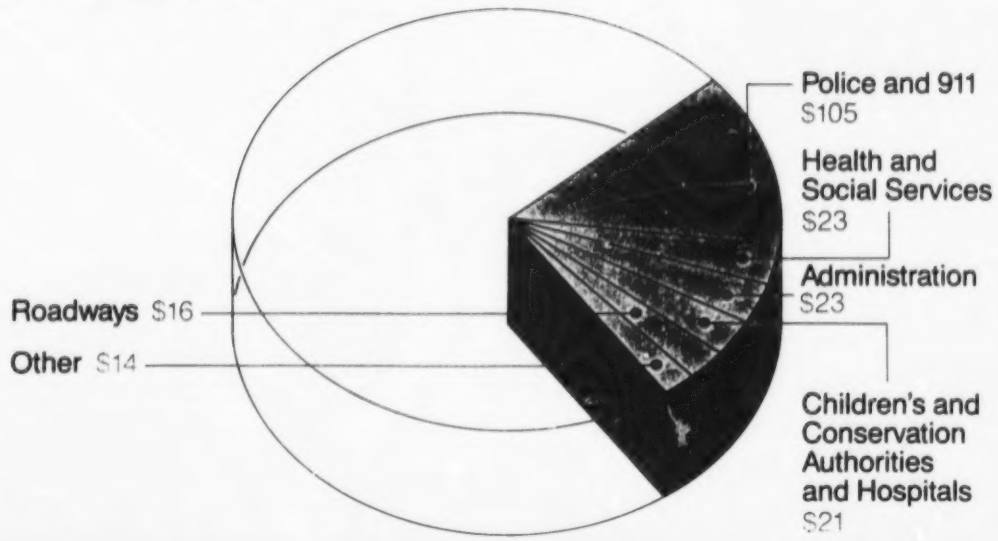
OTHER SOURCES – 49%



1986 REVENUES
$128 MILLION

PROPERTY TAXES

Based on the average household assessment of $6,500 the average Regional property tax paid in 1986 was $202, and increase of $13.00 or 6.9% from 1985 levels. Property taxes are used to support the net cost of most Regional programs and services (does not include utility rates supported services). In 1986 property tax was allocated as follows:

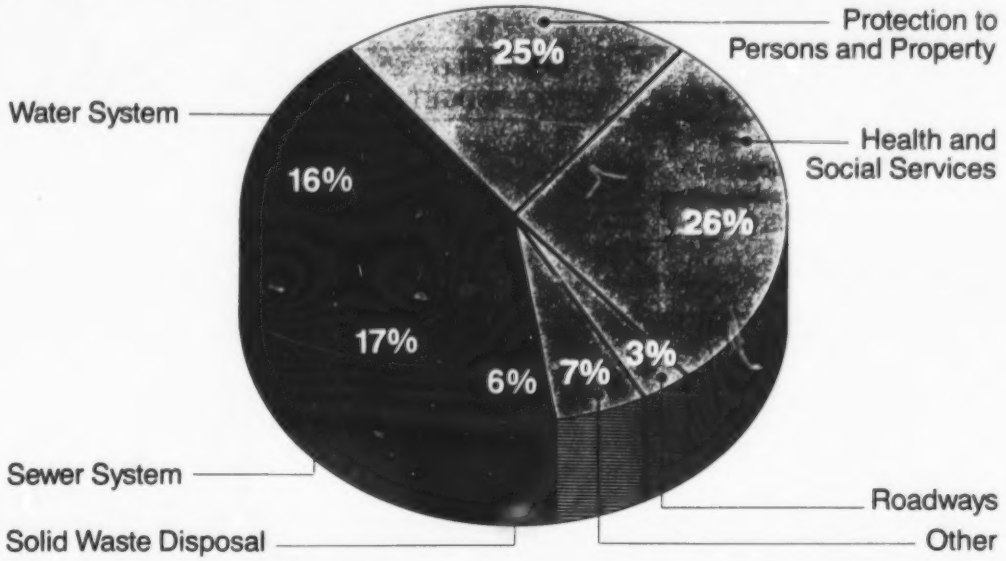


1986 PROPERTY TAXES
$202 PER HOUSEHOLD

HOW THE MONEY WAS SPENT?

CURRENT OPERATIONS

The chart illustrates the major types of expenditures for current operations in 1986. Operating expenditures include the cost of providing ongoing regional services. It does not include capital projects or trust fund expenditures (these are highlighted separately), or transfers to Reserve or Capital Funds. Tax supported services represent 61% of total expenditures and rate supported services (utilities) account for the remaining 39%.



PROPERTY TAX SUPPORTED – 61%

UTILITY RATE SUPPORTED – 39%

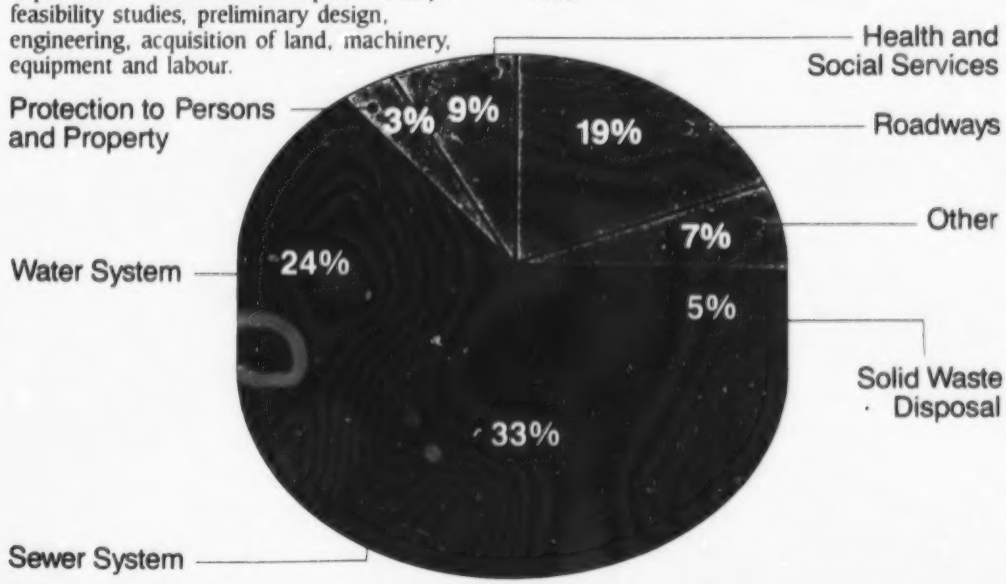
1986 EXPENDITURES $89 MILLION

CAPITAL PROGRAM

Capital acquisitions or improvements undertaken by Halton, are significant expenditures for the acquisition of lands, buildings, structures and equipment. For the expenditure to be classified as capital, the benefits that accrue usually last beyond one year. The various types of capital expenditures include monies spent on major feasibility studies, preliminary design, engineering, acquisition of land, machinery, equipment and labour.

The construction of roads, watermains, sanitary sewermains, water purification and water pollution control plants are all examples of capital acquisitions or improvements. They provide long-term benefit to both the residential and commercial/industrial sectors of Halton.

The chart illustrates the major types of expenditures for capital projects undertaken in 1986.



PROPERTY TAX SUPPORTED – 38%

UTILITY RATE SUPPORTED – 62%

1986 EXPENDITURES $30 MILLION

ENVIRONMENTAL SERVICES
WATERWORKS SYSTEM
SCHEDULE OF OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Taxation & user charges			
Residential water billings	$ 8,198	$ 9,120	$ 8,830
Non-residential and other billings	4,477	5,037	4,686
Local improvement charges	160	149	146
Grants			
Ontario	520	520	523
Other			
Fire protection water levy	1,050	1,050	876
Other fees and service charges	402	744	539
Interest revenue	175	175	-
TOTAL REVENUE	14,982	16,795	15,600
EXPENDITURE			
Water purification plant operation	2,991	3,009	3,069
Water system maintenance	2,684	2,764	2,349
Administration	2,779	2,693	2,465
Long-term debt charges	5,472	5,710	5,009
TOTAL EXPENDITURE	13,926	14,176	12,892
NET APPROPRIATIONS TO (FROM)			
Reserves and reserve funds:			
Operations	(105)	(72)	(339)
Surplus	-	1,468	1,750
Capital fund	1,161	1,223	1,297
TOTAL NET APPROPRIATIONS	1,056	2,619	2,708
Net cost to the taxpayer	$ -	$ -	$ -

ENVIRONMENTAL SERVICES
SANITARY SEWER SYSTEM
SCHEDULE OF OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Taxation & user charges			
Residential sewer surcharge	$ 9,920	$10,325	$10,026
Non-residential and other billings	4,988	5,400	5,013
Local improvement charges	550	504	516
Grants			
Ontario	760	760	738
Canada	21	-	-
Other			
Other fees and service charges	114	214	303
TOTAL REVENUE	16,353	17,203	16,596
EXPENDITURE			
Industrial waste	1,207	1,241	1,046
Plant operations	4,579	4,432	4,298
System maintenance	1,111	1,015	969
Administration expenses	1,396	1,447	1,272
Long-term debt charges	6,647	6,383	6,271
TOTAL EXPENDITURE	14,940	14,518	13,856
NET APPROPRIATION TO (FROM)			
Reserves and reserve funds:			
Operations	2	95	96
Surplus	-	1,098	1,808
Capital fund	1,411	1,492	836
TOTAL NET APPROPRIATIONS	1,413	2,685	2,740
Net cost to the taxpayer	$ -	$ -	$ -

ENVIRONMENTAL SERVICES
SOLID WASTE MANAGEMENT SYSTEM
SCHEDULE OF OPERATIONS

for the year ended December 31, 1986

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL
User charges		
Solid waste tipping fees	$ 4,861	$ 5,325
Grants		
Ontario	101	303
Other		
Other fees and service charges	15	38
TOTAL REVENUE	4,977	5,666
EXPENDITURE		
Regional sanitary landfill site	3,597	3,695
Transfer stations	210	219
Container facilities	91	118
Closed Oakville landfill site	188	199
Administration expenses	605	956
Long-term debt charges	517	515
TOTAL EXPENDITURE	5,208	5,702
NET APPROPRIATIONS TO (FROM)		
Reserves and reserve funds	(728)	(447)
Capital fund	497	491
TOTAL NET APPROPRIATIONS	**(231)**	44
Net cost to the taxpayer	$ -	$ 80

Note: Comparative figures for 1985 are not available for the above format.

ENVIRONMENTAL SERVICES
SCHEDULE OF CAPITAL OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

FINANCING	1986 ACTUAL	1985 ACTUAL
Ontario grants	$ 301	$ 2,267
Investment income	734	831
Contributions from developers	1,953	668
Long-term debt issued	6,360	3,595
Other	1,605	755
TOTAL FINANCING	10,953	8,116
EXPENDITURE		
Solid waste management	1,531	2,078
Waterworks system	7,225	7,430
Sanitary sewer system	9,824	4,963
TOTAL EXPENDITURE	18,580	14,471
NET APPROPRIATIONS FROM		
Reserves and reserve funds	5,159	3,959
Current operations	3,346	3,211
TOTAL NET APPROPRIATIONS	8,505	7,170
Net increase in net unexpended capital financing	878	815
Net unexpended capital financing at the beginning of the year	8,805	7,990
Net unexpended capital financing at the end of the year	$ 9,683	$ 8,805

HALTON REGIONAL POLICE FORCE
SCHEDULE OF CURRENT OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Fees and service charges	$ 209	$ 170	$ 128
TOTAL REVENUE	209	170	128
EXPENDITURE			
Administration & Support Services			
Board of Commissioners	37	48	47
Executive staff	1,316	1,344	1,134
Support services	2,107	2,085	1,832
Administration	3,028	2,922	2,707
Long-term debt charges	618	618	618
Operations			
Staff operations	542	538	606
Criminal investigation division	929	931	806
District #1	3,642	3,627	3,360
District #2	3,641	3,618	3,228
District #3	4,734	4,701	4,340
TOTAL EXPENDITURE	20,594	20,432	18,678
NET APPROPRIATIONS TO (FROM)			
Capital operations	543	(419)	469
Reserves and reserve funds	(16)	(83)	48
TOTAL NET APPROPRIATIONS	527	(502)	517
Net cost to taxpayers	$20,912	$19,760	$19,067

HEALTH SERVICES
GENERAL HEALTH PROGRAM
SCHEDULE OF CURRENT OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Ontario subsidy	$3,488	$3,337	$3,016
Fees and service charges	81	103	81
Other revenues and recoveries	29	29	21
TOTAL REVENUE	3,598	3,469	3,118
EXPENDITURE			
Community health	2,425	2,206	1,936
Environmental health	608	594	553
Community dentistry	244	233	220
Audio/visual	145	143	135
S.T.D. education service	41	40	33
Community nutrition	48	46	35
General administration	1,058	1,042	929
Family planning	116	114	105
TOTAL EXPENDITURE	4,685	4,418	3,946
NET APPROPRIATIONS TO (FROM)			
Reserves and reserve funds	(30)	34	30
Capital operations	24	46	88
TOTAL NET APPROPRIATIONS	(6)	80	118
Net cost to taxpayers	$1,081	$1,029	$ 946

HEALTH SERVICES
OTHER HEALTH PROGRAMS*
SCHEDULE OF CURRENT OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 ACTUAL	1985 ACTUAL
Ontario subsidy	$ 4,426	$ 3,834
Other revenue & recoveries	15	3
TOTAL REVENUE	4,441	3,837
EXPENDITURE		
Home Care	3,904	3,357
North Halton mental health	313	293
Parent/Infant program	146	139
Behaviour Management	35	29
TOTAL EXPENDITURE	4,398	3,818
NET APPROPRIATIONS TO (FROM)		
Reserves and reserve funds	7	-
Capital operations	36	19
TOTAL NET APPROPRIATIONS	43	19
Net cost to taxpayers	$ -	$ -

*100% SUBSIDY, MARCH 31 YEAR END

SOCIAL AND FAMILY SERVICES
SCHEDULE OF CURRENT OPERATIONS

for the year ended December 31, 1986
(with comparative figures for 1985)

(Dollars in Thousands)

REVENUE	1986 BUDGET	1986 ACTUAL	1985 ACTUAL
Ontario subsidy	$11,249	$10,649	$ 9,125
Halton Centennial Manor resident fees	2,515	2,656	2,507
Day care fees	111	145	123
Other user fees and recoveries	458	586	254
TOTAL REVENUE	14,333	14,036	12,009
EXPENDITURE			
Assistance to the aged	8,244	8,015	7,639
General assistance	5,870	5,926	5,060
Children's services	4,504	4,025	3,260
TOTAL EXPENDITURE	18,618	17,966	15,959
NET APPROPRIATIONS TO (FROM)			
Reserves and reserve funds	39	6	110
Capital operations	179	197	174
TOTAL NET APPROPRIATIONS	218	203	284
Net cost to taxpayers	$ 4,503	$ 4,133	$ 4,234

HALTON'S ADMINISTRATION

CHIEF ADMINISTRATIVE OFFICER
J.E. FLEMING

DIRECTOR OF FINANCE AND REGIONAL TREASURER
J.L. RINALDO

REGIONAL SOLICITOR
K. ANDERSON

DIRECTOR OF PERSONNEL AND LABOUR RELATIONS
D. CAMM

DIRECTOR OF PUBLIC WORKS
R.W.J. MOORE

DIRECTOR OF SOCIAL SERVICES
B.EWART

DIRECTOR OF PLANNING AND DEVELOPMENT
R. MOHAMMED

MEDICAL OFFICER OF HEALTH
G.L. POLLETT, M.D.

DIRECTOR OF BUSINESS DEVELOPMENT
B. KEARSE

BOARDS AND COMMISSIONS

HALTON REGIONAL POLICE FORCE
CHIEF OF POLICE
W.I. JAMES HARDING

DEPUTY CHIEF OF POLICE
R.B. MIDDAUGH

SUPERINTENDENT, SUPPORT SERVICES
A.J. BARRATT

ADMINISTRATOR
R.D. HALE

STAFF INSPECTOR, DISTRICT #1 COMMANDER
R. TAYLOR

STAFF INSPECTOR, DISTRICT #2 COMMANDER
B. WARD

STAFF INSPECTOR, DISTRICT #3 COMMANDER
J. CURRIE

HALTON CHILDREN'S AID SOCIETY
DIRECTOR
R. COUPLAND

HALTON REGION CONSERVATION AUTHORITY
GENERAL MANAGER
M. STEPHEN

HALTON'S FISCAL ADMINISTRATION

DEPARTMENT OF FINANCE

DIRECTOR OF FINANCE AND REGIONAL TREASURER
J.L. RINALDO, C.M.A.

MANAGER OF ACCOUNTING AND SYSTEMS
C. MASCARENHAS, C.M.A.

MANAGER OF BUDGETS & FINANCE
D. BIRKETT, M.A.

MANAGER OF PURCHASING
R. HIGGINS, C.P.P.O.

INTERNAL AUDITOR
C. WELDON, C.A.

EXTERNAL AUDITORS

PEAT, MARWICK, MITCHELL & CO.
CHARTERED ACCOUNTANTS

BANKER

THE ROYAL BANK OF CANADA

FISCAL AGENTS

DOMINION SECURITIES INC.
WOOD GUNDY INC.
PEMBERTON, HOUSTON, WILLOUGHBY
BELL GOUINLOCK INC.

HALTON'S NATURAL ENVIRONMENT

Residents of Halton have inherited a rich and diverse natural legacy encompassing a wide range of plants and wildlife, unusual natural features and areas of spectacular beauty.

Regional Government in Halton was established on January 1, 1974. One of its first major tasks was to prepare an Official Plan to guide the overall development of the Region. Early in the Plan preparation process, residents identified the protection of Halton's natural environment as a high priority. With this in mind, thirty-seven Environmentally Sensitive Areas (E.S.A.'s) were incorporated into the Regional Plan with corresponding policies to assist in their long-term preservation. E.S.A.'s are those land and water areas containing natural features or ecological functions of such significance as to warrant their protection in the best long-term interests of the people and environment of Halton. E.S.A.'s were identified on the basis of their fulfilling one or more of nine selection criteria.

Environmentally Sensitive Areas cover approximately 27,200 acres (11,000 hectares) or about 10% of Halton. Areas included are generally swamps, springs, creeks, woodlots and parts of the Escarpment. Individual E.S.A.'s range in size from about 15 acres (6 ha) to the large 7,200 acre (2,900 ha) Hilton Falls Complex located in central Milton. All are considered important. Not many other parts of southern Ontario can boast of so many diverse high quality natural areas.

To pursue its commitment to maintaining a high quality natural environment, in 1976 Regional Council established a Committee to provide it with expert technical advice on environmental matters. This Committee, called the Halton Ecological and Environmental Advisory Committee (EEAC) is composed of individuals who offer their views, experience and expertise on a voluntary basis. The membership of EEAC is open from time to time and members are selected from responses to advertisements in

Halton is relatively distinctive in that two of Canada's eight major forest types are represented here: the Southern Deciduous Forest Region and the Great Lakes - St. Lawrence Forest Region.

local papers. This Committee was instrumental in the identification of E.S.A.'s. In addition, it advises on the environmental effects of specific developments; promotes studies that will lead to a better understanding and enhancement of the Region's environment; and takes steps to increase public awareness of Halton's natural heritage.

Halton is rather unusual in that it has one of the few known breeding sites in Ontario for the West Virginia White Butterfly which has been protected under the Endangered Species Act of Ontario.

We are dependent on the natural environment to provide the necessities and the luxuries of life. The inter-relations between living organisms and the physical environment form a complex and delicately balanced ecological web. To weaken or destroy any one part can jeopardize other parts or the entire system. Despite only elementary knowledge of how the system functions, the environment has been over-used to the point where very little remains in its natural state and some species have been or are threatened with extinction. Acid rain, pollution and erosion are only warning symptoms of such long-term ecological breakdown. We must remember, through our actions, that we are a part of that ecological web. Our natural resources have been essential to progress and discoveries made in science, medicine, agriculture and other fields. We must also not forget that we have found refuge and inspiration in our natural areas which cannot be found in an artificial environment. If responsibly managed, the remaining natural areas will continue to be a valuable and enjoyable part of our lives.

Aesthetically pleasing Hilton Falls